



SCHOOLS AND ACADEMIES SERVICES LIMITED

Internal Scrutiny Annual Report

Canterbury Cross Primary School

Prepared by Andy Punch on 8th October 2021

Introduction

Internal Control visits were undertaken at Canterbury Cross Primary School ('the Academy') in accordance with the Service Level Agreement between drb Schools & Academies Services Ltd and Canterbury Cross Primary School.

The reviews have been undertaken to provide an independent assurance report to the Academy's Trustee Board and Finance/Audit Committee on the adequacy and effectiveness of the financial controls operating within the Academy in accordance with the requirements contained in the Academy Trust Handbook (formerly Academies Financial Handbook).

Where issues or omissions in the system of internal control were identified, we included recommendations for improvements in our reports.

The reports provide the Board, Governors, Audit Committee and Finance Committee with limited assurance that the following issues have been complied with:

- The financial responsibilities of the Governing Body/Directors are being properly discharged
- Resources are managed in an efficient, economical, and effective manner
- Sound systems of Internal Control are being maintained
- Financial considerations are fully taken into account in reaching decisions.

We emphasise that it is the Trust Board / Academy's responsibility to ensure recommendations are acted upon in a timely manner and any changes should be monitored to ensure they are effective in improving the Academy's financial resources.

Any recommendations raised in the reports are followed up on the next visit, usually scheduled for the next term. Any items identified which pose a significant risk should be implemented as a matter of priority.

Schedule of Visits: 2020-21

Name of Academy / MAT	Autumn	Spring	Summer
Canterbury Cross Primary School	No visit undertaken due to COVID-19 restrictions	07/05/21	16/07/21

Financial Management

The Internal Control testing covers the following areas:

Purchases

Five payments made within the period are selected to ensure:

- The payment is correctly authorised
- The payment is correctly authorised in the accounting system
- The invoice is correctly authorised
- The invoice agrees to the order
- That goods or services have been certified as received
- The order is correctly authorised
- That the order has been placed with an appropriate supplier.

Contracts

Details of any contracts with a value over a prescribed limit are obtained and the documentation reviewed to ensure that the correct quotation/tender procedures have been followed.

Capital Expenditure

Progress against any significant capital contracts is reviewed to ensure payments are appropriate and progress of the project is satisfactory.

Funding Reconciliation

Review the receipts from the ESFA and LA checking the amounts agree with the source documentation before tracing onto the Finance system.

Income

Select receipts and ensure money is banked promptly and in full, ensuring monies are recorded correctly in the accounting system. For those academies with cashless arrangements, settlement statements are checked with supporting information.

Payroll

- Five employees from the payroll are selected and the salary details will be checked back to personnel records to confirm that the amount paid is correct
- Five amendments to the payroll are checked to ensure that appropriately authorised source documentation exists
- The final payroll print for one month is reviewed to ensure that it has been appropriately authorised.

Accounting Systems

- Bank reconciliations are reviewed to ensure that they have been correctly prepared and authorised
- Control account reconciliations are reviewed to ensure that they have been correctly prepared and authorised
- The procedures used to prepare financial reports issued to Governors and Officers of the Academy and ESFA are reviewed through sample checks to be satisfied that they are completed accurately and promptly
- The Internal Control Officer checks the function of reports and budget monitoring reports.

Reports and Returns

Review the latest reports submitted to the ESFA and Governors and agree to source documentation.

Summary of Findings and Recommendations

The following is a summary of the key findings and recommendations arising in the academic year 2020-21.

Spring-21 Term

Finding	Recommendation	Implications	Management Response
1.12. Following finding 1.13 in the previous report that four Purchase Orders were raised after the date of the invoice, sampling shows that this is still the case, with four POs (200364, 200289, 200274 and 200215) raised after the date of the invoice.	It is recommended that POs are raised and authorised before invoices are received where possible.	To meet recognised standards and ensure expenditure is ordered and reflected in the system in the correct way.	The Business Manager (BM) advised that, where a Requisition Form or pre-authorised PO was not possible, the use of the system functionality to raise a 'Purchase Order – Un-Authorised Order' was being introduced, which undertakes a system check against budget and commits the funds against the cost centre selected pending full authorisation and would show an audit trail to confirm such a check of budget had been undertaken prior to invoices being paid. Summer-21 Term sampling shows that three POs were contracted SLAs, and for the remaining two POs where it would be expected that pre-authorisation should be evidenced, while one had its PO raised before the invoice date (ref CCA200460), the other had an RF signed and dated on the invoice date (ref CCA200427).
2.1. A schedule of contracts was provided which is kept on the wall in the BM office. It was advised that due to the charity that previously looked after the caretaker's house losing it funding, the school have now taken it over, and as such the gas, electricity, water and security contracts have been added to the schedule. While the schedule includes the type of service, supplier name, account number, telephone number and the months the contracts run from and to, following the finding and recommendation 2.12 in the previous report dated 10/09/20, it still does not contain start and end dates, what the annual cost is, the frequency of payment and any termination penalty clauses and notice periods that may exist.	It is still recommended that the contractual details in the schedule are expanded to include specific start and end dates, what the annual cost is, the frequency of payment and any termination penalty clauses and notice periods that may exist.	In order to use it as a useful reference document to aid the renewal process of expiring contracts and to compare value for money.	A revised version of the Schedule of Contracts was provided which confirms that it has been updated to include key contractual information to aid renewals, including contract start/end dates, annual cost of the service, frequency and method of payment and any notice periods.

<p>7.8. The Department for Education has updated the academies chart of accounts for use in the academic year 2021 to 2022, incorporating a small number of necessary changes to the previous update. Academy trusts that have already adopted the chart of accounts should ensure they update their own chart accounts with effect from 1 September 2021 to reflect the changes which can be found in section 4 of the guidance. Other trusts are encouraged to work with their software suppliers to adopt the chart of accounts. For more information on adopting the chart of accounts, please refer to the reference material at: https://www.gov.uk/government/publications/academies-chart-of-accounts?utm_source=19%20May%202021&utm_medium=ESFA%20Update&utm_content=ESFA</p>	<p>It is recommended that adoption of the chart of accounts is noted.</p>	<p>Academy trusts that choose to adopt the standard chart of accounts will potentially benefit from future automated data transfer tools for financial returns.</p>	<p>It was confirmed by the BM that this was discussed at the latest Meeting of Trustees on 14/06/21, but that it was decided that due to it not currently being mandated and due to the costs involved, Trustees chose that the school would not adopt the Chart of Accounts until it became mandatory. This is evidenced in Item 9 of the minutes, which also notes that the BM and HT attended a virtual meeting on the Chart of Accounts and had advice from one Trustee who confirmed another Trust she is a member of had also chosen not to adopt the Chart of Accounts.</p>
<p>8.10. The Trust do not currently have a Risk Register in place. However, it was confirmed that a template has been obtained from another Trust to help in putting one together. Other risk management activities were also confirmed, e.g., it was confirmed that the DfE is completing an on-site assessment on 30/06/21 and 07/07/21; and a full recording of COVID Risk Assessment was confirmed to the 16/11/20 Trust Board minutes (item 7).</p>	<p>It is recommended that the Risk Register is finalised and then approved and minuted at the first available Trust Board meeting in the 2021-22 academic year.</p>	<p>To adhere to statutory obligations and ensure that all appropriate actions are being undertaken to reduce the school’s risk exposure to any identified risks.</p>	<p>The BM advised that a Risk Register had been finalised and the latest Trust Board meeting minutes dated 14/06/21 (item 10) confirmed that this had been presented by the BM to Trustees, confirmed no risks were assessed as red, that the register was an ongoing record to be updated and reviewed every six months, and that the Trustees approved it. A copy of the Risk Register was seen as evidence.</p>

Summer-21 Term

Finding	Recommendation	Implications	Management Response
<p>No findings requiring actions to be taken</p>			

Executive Summary

Two internal control visits were completed in the academic year 2020-21. It is very positive that the number of findings requiring actions to be taken was minimal, with four in the spring term visit and none in the summer term visit. In respect of the four findings: three were categorised as green, meaning that no significant weaknesses were identified, the issues raised were considered minor and indicative of an adequate and effective control environment in operation by Academy; and one was categorised as amber, however the Academy took immediate action to introduce the required Risk Register, which upon inspection during the summer term visit proved to be very comprehensive. Indeed, the immediate management responses to the findings and recommendations demonstrates that the Academy takes the management of its internal controls and risks seriously, and this is despite the added pressures brought by COVID-19 restrictions.

In addition to the programme of internal scrutiny undertaken in the 2020-21 academic year, changes to the Academy Trust Handbook published in Sep-21 have been noted and incorporated into the programme for 2021-22. The majority of the changes noted focus on increased scrutiny of governance, and it can be noted that the governance checks undertaken in 2020-21 do not indicate that this is going to be an emerging issue for the Academy when scrutiny increases. Risk Management, Safeguarding, Health & Safety and Estates Management are also noted in the ATH as areas which should be prioritised, with commentary on these areas provided below.

During the academic year 2020-21, Risk Management has never been more important in an academy setting. To ensure that the Academy maintained visibility of all its risks during the year, a Risk Register was introduced and approved by the Trust Board in May-21, which confirmed no risks were categorised as red, and will be subject to ongoing review at least every six months. There is also evidence of ongoing COVID-19 risk assessments having been agreed at Trust Board meetings, whereby the assessment has been reviewed each time the Government issued updates or upon academy-specific trigger events and ensured engagement with and visibility to the Senior Leadership Team.

All statutory testing for Health and Safety was completed during the summer holidays by an outsourced maintenance service provider, 3D Facilities. Certificates are in place, any issues which are raised are dealt with immediately or in a sufficiently timely manner, and 3D Facilities are authorised by email to complete any works that have been highlighted in the certificates. There was no outstanding work at 31/08/21, including anything resulting from the statutory testing. In addition to a published Health & Safety policy, which is updated every three years and which outlines roles, responsibilities, and testing and monitoring requirements, a 'School Premises Inspection and Maintenance' checklist is published to the Academy's website to document monthly/termly activities, whether complete or not, and who is responsible (e.g., 3D Facilities, the BSM, SLT, SENDCo, etc), in order to manage the completion of all required activities.

The Academy has a Safeguarding policy, a Safeguarding – Remote Learning policy introduced during COVID-19 lockdowns, and safeguarding is woven into the Whistleblowing policy. All policies are up-to-date and published to the Academy's website for transparency. In addition to Designated Safeguarding Leads, the Academy also has an appointed Safeguarding Trustee who provides independent oversight. Site security has been risk-assessed and a program of works is in progress to enhance physical security measures to safeguard staff and pupils (e.g., measures to omit anyone entering the premises via the school gates and carpark, including new fencing in the carpark and perspex sheets on the gates).

Emerging issues for the Academic Year 2021-22

The main emerging or existing issues for consideration in 2021-22 include:

- The Academy has an existing awareness that water* and catering costs are higher than expected based on comparison analysis, therefore solutions and monitoring of these issues to bring about savings should remain a key focus;
- while supply agency costs are noted as being expected to naturally decrease as the COVID-19 impacts begin to subside, these costs should be closely monitored and managed down;
- the additional staffing costs brought about by the Government increase in National Insurance contributions will need to be considered and factored into budget monitoring.

* It should be noted that a water leak was discovered by an outsourced company and works in the summer-21 holiday was carried out, the water provider Seven Trent has visited the site twice due to the sudden drop in water usage, which triggered a notification to inspect the site.

Signed



Date

08/10/2021

Andy Punch on behalf of **drb Schools and Academies Services Ltd**