



The Federation of Abbey Schools
Internal Scrutiny
Annual Summary Report
2019-20



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Part 1 - Introduction

Section 3 of the Academies Financial Handbook 2019 covers the processes required of academies and their provision of internal scrutiny by conducting checks to ensure that their systems are effective and compliant.

Point 3.1 states that:

“All academy trusts must have a programme of internal scrutiny to provide independent assurance to the board that its financial and other controls, and risk management procedures, are operating effectively”.

Internal scrutiny is a process that provides independent assurance to the board that its financial and other controls, and risk management procedures, are operating effectively. As a minimum, it involves a series of tests to ensure systems are effective and compliant but goes beyond mere transaction checking.

The programme of internal scrutiny should be informed by the trust’s risk register, which should be owned by executive management and overseen by the audit committee.

The trust’s executive management and audit committee should identify how well risks are managed, whether effective processes are in place and whether agreed procedures are being followed, as well as identifying areas where efficiencies or change should be made.

The risk management process should be iterative and ongoing as the findings of the programme of internal scrutiny in turn inform the risk register. The planning of the programme of internal scrutiny should therefore be a risk-based joint enterprise between executive management, the audit committee, and the internal scrutineer.

New to the 2019-20 academic year is the requirement in point 3.22 which states that:

“The trust must submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions (as presented to the audit committee under section 3.15 by the person or organisation carrying out the programme of work) to ESFA by 31 December each year when it submits its audited annual accounts.

The trust must also provide ESFA with any other internal scrutiny reports if requested.”

This report summarises:

- the areas reviewed;
- the number of recommendations made and their severity rating; and
- and the actions/responses implemented as a result of the assurance report.

Due to the ongoing Covid-19 pandemic, the Trust still managed to function in the same manner with only minimal changes made to the number of staff who were in school from the finance team at any one time.

The Trust Business Manager worked in the school during the pandemic and was able to scan all requested documentation to enable the latter internal assurance visit to be carried out remotely.

Part 2 – Internal Scrutiny Details and Areas Reviewed

The Federation of Abbey Schools have appointed Clive Owen LLP to undertake their internal scrutiny for the 2019-20 academic year.

Anything which was brought to the attention of the Trustees and/or recommendations for the possible improvements are summarised by use of a ‘traffic light’ system using the following key:

Status	Risk Level	Classification
RED	High Risk Identified	A fundamental system or control weakness has been identified which presents unacceptable risk to the current systems and internal controls. Management must ensure this recommendation is addressed as a matter of priority.
AMBER	Medium Risk Identified	The current systems and internal controls are effective but there is scope for further improvement where specific weaknesses have been identified whose impact presents potential risks or non-compliance with statutory guidance or legislation.
YELLOW	Low Risk Identified	Systems and controls are designed and in place but could benefit from improvement in design or application. We acknowledge that controls are in place, but attention may be required to ensure these are applied effectively at all times.
GREEN	No Risk Identified	The relevant systems and internal controls in place are well managed and applied effectively. No recommendations have been made.

If it has been reported on two previous occasions that a particular control 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 a control has been reported as ‘red’ this particular test will be revisited at the next visit to assess whether new procedures have been introduced as recommended.

Internal assurance is only one source of assurance available to the trust and internal scrutiny work does not seek to cover all risks faced by and processes operating within the trust. It is ultimately for the Board, guided by the Audit Committee, to ensure that sufficient assurances are received in relation to all key risks. It is management’s responsibility to develop and maintain sound systems of internal control to ensure that adequate controls are in place and operating effectively across the trust.

The internal audit team are not authorised to:

- Perform any operational duties on behalf of the trust.
- Initiate or approve any transactions or related accounting on behalf of the trust.
- Instruct, or direct the activities of any member of staff of the trust.

The Federation of Abbey Schools Board of Governors met and initially agreed the programme of internal assurance work to be carried out for the 2019-20 academic year, spaced over 3 separate termly visits.

However, due to Covid-19 and the school being closed for a large part of 2020, and the fact the Headteacher and Governors were happy that controls in place were operating effectively based on previous IA visits, the audit plan was revised to just 2 visits through the year.

The two separate visits to Federation of Abbey Schools were as follows:

1. The Autumn Term 2019 visit was undertaken on 19 December 2019, reviewing the following areas:

Area Reviewed	Yellow – low risks identified	Amber – medium risks identified	Red – high risk identified	Status
Regularity & Compliance	1	0	0	YELLOW
Budget Reporting	0	0	0	GREEN
Financial Management	0	0	0	GREEN
Other Issues	1	0	0	YELLOW
Total	2	0	0	

2. Spring Term 2020 work commenced remotely on 16 June 2020, reviewing the following areas:

Area Reviewed	Yellow – low risks identified	Amber – medium risks identified	Red – high risk identified	Status
Regularity	0	0	0	GREEN
Purchases	0	0	0	GREEN
Income	0	0	0	GREEN
Accounting System	0	0	0	GREEN
VAT & Corporation Tax	0	0	0	GREEN
Governing Body Minutes	0	0	0	GREEN
Total	0	0	0	

Part 3 – Internal Scrutiny Recommendation Summaries

Note - The current status is based on the client responses and proposed actions being fully implemented.

Autumn Term 2019

Areas Reviewed	Recommendations	Status at initial Recommendation	Client Responses / Action Taken	Current Status
Regularity & Compliance	The declarations of pecuniary interests should be completed by all senior employees with delegated purchasing authority to ensure that interests which may include related parties are correctly declared.	YELLOW	The declarations of pecuniary interests have been completed by all senior employees.	GREEN
Financial Procedures Manual	It would be advisable that the manual be amended to clearly state the different levels of responsibility between the Business Team and the Avec Finance Partner for reporting purposes.	YELLOW	The previous SBM was responsible for updating the Finance Manual. The new SBM and the AVEC finance partner are going to review the manual in light of recent changes. This has now been updated.	GREEN

Part 4 – Conclusion

From the Internal Assurance work undertaken throughout the academic year 2019 – 20 it is clear that there is suitable monitoring of risk areas, with the Trust confirming that recommendations made have been fully completed or are in the process of being implemented to improve the controls already in place.