



## **2020/21 Internal Scrutiny Annual Summary Report**

### **Introduction, including Trust Overview**

The Trust's Accounting Officer (Executive Principal), the Finance Manager and the Head of Operations work together with the senior leadership teams of the schools, including the school business managers, to ensure that the Trust's risks and internal scrutiny are well managed; by adherence to the finance manual, through the risk management register and through other ad hoc risk management strategies.

The Trust has an established approach to risk management, including the maintenance of a Trust-wide risk register that is regularly reviewed by the finance team, board committees and auditors. We have used our view on risks facing the trust and the related assurances available to direct our internal scrutiny work for the year.

### **Trust approach to internal scrutiny**

The Academy Trust Handbook (ATH) requires Academy Trusts to prepare an end of year annual report summarising the nature and outcomes of the internal scrutiny work undertaken for the Trust during the year. The report must be submitted to the ESFA by 31 December along with the Trust's signed accounts.

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 & Risk Committee.

The Trust's executive management and Audit & Risk 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 & Risk Committee and the internal scrutineer.

We have prepared the following summary of the internal scrutiny approach adopted by the Trust. This includes (but is not limited to) the work we commissioned over the course of the year from our internal audit provider, Bishop Fleming, along with a summary of other forms of assurance / internal scrutiny received and considered by the Trust over the year.

# Work performed by Bishop Fleming

During a two day visit in June 2021, Bishop Fleming performed testing on a number of key financial control processes operating at the Trust across the following areas.

- Bank and Cash
- Budgets and Financial Monitoring
- Compliance
- Credit Cards
- Expenditure
- Fixed Assets
- Income
- Payroll

The findings from their work are summarised below. As a result of their testing, Bishop Fleming raised 9 low-level recommendations in the following areas:

Review area	Number of recommendations		
			
Bank and cash			
Budgets and Financial Monitoring			1
Compliance			3
Credit cards			
Expenditure			3
Fixed assets			1
Income and debtors			
Payroll			1
<b>Total</b>			

For reference, the traffic light system colour key for internal assurance recommendations is as follows:



Financial - Observations refer to issues that are so fundamental to the system of internal control that management should address immediately to minimise the risk of a material misstatement within the financial statements.

Governance – Observations that are fundamental to good governance and should be addressed immediately to minimise the risk of governance failings.



Financial - Observations refer mainly to issues that have an important effect on the system of internal control and, if left uncorrected could potentially lead to a material misstatement within the financial statements.  
Governance – Observations that are important to good governance and should be addressed to minimise the risk of governance failings and to help improve procedures.



Financial - Observations refer to issues that would, if corrected, improve internal control in general and engender good practice, but is unlikely to have a material impact on the financial statements.  
Governance – Observations that if addressed would help to improve and embed good governance practices but is unlikely to lead directly on its own to governance failings.

As a result of their work, Bishop Fleming raised some lower-level green-rated housekeeping points relating to areas such as expenditure, payroll, risk register and compliance, which we have addressed / are continuing to address.

### **The role and scope of the internal assurance provider**

We acknowledge and accept that the work of our internal auditors is only one source of assurance available to the Trust and their 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 Business and Management 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, or instruct or direct the activities of any member of staff of the Trust. Consequently, any suggested actions raised within internal assurance reports as above are assessed and accepted by the Trust before they are implemented.

### **Other Internal Scrutiny Work**

As noted above, the work of our internal auditors is only one source of assurance available to the Trust. In addition to the internal scrutiny reviews provided by Bishop Fleming summarised above, the Trust also commissioned / received the following other assurances:

- Annual safeguarding audit carried out by Surrey County Council Safeguarding Board
- Annual review of Single Central Record by Head of Operations
  
- SLA with Surrey County Council on Health and Safety assurance, which includes (i) the review of any accidents that may occur onsite, (ii) a review of risk assessments completed for trips and (iii) a review of the Fire Risk Assessment.

The results of the above, along with any other reviews carried out internally by the Central Team, are reported to the Business and Management Committee (which incorporates the audit and risk committee) for discussion and assurance.

### **Internal Scrutiny for 2021/22**

For 2021/22, the Trust has again engaged Bishop Fleming to carry out its internal assurance work. The Trust will continue to review the risks and assurances with the internal auditor to ensure that the work commissioned continues to focus on the areas most needed by the Trust.