



Internal Scrutiny Report

Academic Year 2020-21



1 Introduction

Independent assurance that the academy's financial and other controls, and risk management procedures are operating effectively, is provided to the trustees through a process of internal scrutiny directed by the trust's Money Group combined with the Audit Committee.

2 Internal Scrutiny

To deliver internal scrutiny, we continue to use a non-employed trustee, as we feel this provides the appropriate coverage, given our size and lack of complexity. The trustee is a fellow of the Association of Chartered Certified Accountants so is therefore suitably qualified, governed by a professional code of ethics and standards and has extensive knowledge of the trust, along with relevant experience in the charity sector.

The Money Group and Audit Committee has agreed its programme of internal audit work for the forthcoming year (2020-21).

3 Areas Reviewed in 2020-21

A program of internal audits took place during 2020-21, which were completed as follows:

- Scrutiny of Lanesend budget control processes;
- Review of key risks facing the academy (how managed and progress on actions agreed – discussed at every MCG meeting);
- Review of 2019-20 Annual Report & Financial Statements;
- Annual review and scrutiny of Lanesend Financial Policies;
- Plan 2020-21 internal audit
- Annual report to the Trustees
- Review of KPI's and resource allocation following SRMA review and follow up on actions
- Support and advice post Ransomware attack, including rebuilding accounts data and new software review



4 2019-20 Work Undertaken

The Audit and Risk Assurance Committee undertook work in the following areas:

The results are as follows:

Area	Work Undertaken	Comments
Income	<p>SEN funding reviewed and a case raised with the LA concerning the amount of funding we receive for EHCP's compared to the actual cost to deliver these which has a detrimental effect on the school's ability to support all children in the school. Lawyers have been appointed.</p> <p>Social media reviewed for reputational risk and for reaching target audiences by updating regularly with events, this will be crucial as number of children in the area is falling, the school needs to stand out from the rest.</p> <p>Bad debts – We are reviewing the debts owed from those that have now left the school and whether to write off some debt for which chasing them costs more than the debts themselves – this is ongoing. Current debts are being chased regularly and processes followed to</p>	<p>To be followed up next year and progress monitored through the year</p> <p>Social media presence increased and lots of positive stories</p> <p>Bad debt process followed, priorities changed during Cyber Attack and are now being strengthened</p>
Procurement	Procurement process followed up ref last year's PO review, PO's checked for authorisation and matching documentation and system being followed.	PO's were not signed off, process was not being followed, this was reported to senior team and staff reminded of the process. The new accounting software will automate this process and mitigate against the current issues – to revisit one system implemented
Month End	<p>Month ends performed until Cyber Attack</p> <p>Accruals schedule prepared monthly until Cyber attack</p> <p>No petty cash balances as cashless since Covid</p> <p>No budget virements in the year</p>	Good controls and segregation of duties,
Budget control	Control processes challenged, sustainability reviewed in detail on our current small class size, basis of budget decisions monitored, actual spend challenged and Covid Costs monitored	Budget continues to be tightly maintained and any updates adapted efficiently and communicated well
SRMA Review	Monitoring recommendations from SRMA review have been implemented where relevant, including reduction in The Den adult to pupil ratio, combining the Family and SEN teams, research into school uniform system and improvements where possible	The school have really taken this onboard and instigated change which has had a positive financial impact (although Covid and Cyber Attack have had a detrimental effect)
Key Risks Review	Risk Register reviewed, risks monitored and mitigated where possible, update for Cyber Attack and review Covid risks still relevant.	Risks identified and controls put in place, risks increased until systems fully in place post cyber attack



5 Key Findings, Recommendations and Conclusions

From the work performed in 2020-21, the overall opinion on governance and the control environment was considered to be good, internal controls are strong however the Cyber Attack to their IT providers the school suffered, had a massive effect on the financial management of the school. This has been documented in the risk register and controls put in place for future attacks and measures taken to rebuild the systems and processes. With the implementation of the new financial software, the school will come out of this very stressful period much stronger with streamlined processes meaning more value can be added away from the day-to-day processing of data. The new system will also provide much improved management reports and KPI's and enable timely and accurate decision making. The continued ability of the school to deal with Covid and the effects are a reflection on the robust processes and systems in place at the school.

The areas reviewed in 2020-21 in section 3, were presented to the board of trustees and the board formally recorded acceptance of the report with no actions arising

6 2021-22 Actions arising from areas reviewed in 2020-21

Based on the results of the areas reviewed in 2020-21, alongside the work programme for 2020-21, the committee will focus its activities towards the following areas:

- Follow up on internal processes following implementation of new accounting software, this will automate many processes, these will be tested, including PO's
 - Robustly review what the key risks facing the trust are, follow up post Cyber Attack in high-risk areas to check actions have been completed and any actions arising;
 - Provide scrutiny and challenge regarding the draft 2020-21 Annual Report and Financial Statements prior to it being presented at the AGM;
 - Provide scrutiny and challenge in terms of internal audits planned for 2021-22 – including any reported actions;
 - Prepare the Internal Scrutiny Summary Report (for ESFA) for submission with the 2021-22 Annual Report and Financial Statements.
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