



# **Internal Scrutiny Report**

**Academic Year 2019-20**



## 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 have chosen the option of 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 (2019-20).

## 3 Areas Reviewed in 2019-20

---

A program of internal audits took place during 2019-20, 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 2018-19 Annual Report & Financial Statements;
- Annual review and scrutiny of Lanesend Financial Policies;
- Plan 2019-20 internal audit
- Annual report to the Trustees



## 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	Banking system and processes reviewed, post Covid, cashless system. Invoices reviewed – PO agreed to invoice, all raised promptly Debts are managed closely and reviewed, during year while placement here process slipped, now identifying those with COVID issues, spreadsheet and list of those no longer allowed access to den or dinner register. Reports printed and text/letter etc sent... Bad debts - We have not yet had to write off debts, COVID has affected this. Debts to get back on track...	No concerns in this area, tight controls maintained
Procurement	Procurement process followed ref internal project to build new storage – tendering process followed Payments made promptly and legitimate purchases	PO's were not signed off for a short period over the summer however this was spotted, lessons learnt, and processes now fully followed
Month End	Tested May 2020 & December 2019, bank reconciliations performed and signed off PL control account reconciliation – reviewed process and agreed to list, SBM coding and approving and HT signs off, member of accounts team makes BACS payment Accruals schedule prepared monthly No petty cash balances as cashless since Covid No budget virements in the year	Good controls and segregation of duties, due to maternity cover there was a blip in the year which has since been investigated and rectified
Payroll & HR	Processes reviewed, a sample of starters, leavers and salary increases agreed to HR folders and authorisations Monthly payroll reviewed, processes discussed, and signatures and changes agreed to paperwork Reconciliation of payroll to HR records performed Deductions checked – only Union and student loan payments	Payroll and HR are tightly controlled, the split of roles has helped the process as we now have an Office Manager – dealing with HR and the SBM – dealing with Finance
Budget control	Control processes challenged, sustainability reviewed, basis of budget decisions monitored	Budget tightly maintained and any updates adapted efficiently and communicated well
Key Risks Review	Risk Register reviewed, risks monitored and mitigated where possible, Covid update to register	Risks identified and controls put in place



## 5 Key Findings, Recommendations and Conclusions

---

No formal internal audit exercise was completed in 2018-19. However, the external audit completed for the 2018-19 accounting period, delivered an unqualified audit, and the recommendations in its management letter were addressed and followed up.

From the work performed in 2019-20, the overall opinion on governance and the control environment was considered to be good, internal control are strong and the 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.

## 6 2020-21 Actions arising from areas reviewed in 2019-20

---

Based on the results of the areas reviewed in 2019-20, alongside the work programme for 2020-21, the committee will focus its activities towards the following areas:

- Robustly review what the key risks facing the trust are, and any actions arising;
  - Provide scrutiny and challenge regarding the draft 2019-20 Annual Report and Financial Statements prior to it being presented at the AGM;
  - Provide scrutiny and challenge in terms of internal audits planned for 2020-21 – including any reported actions;
  - Prepare the Internal Scrutiny Summary Report (for ESFA) for submission with the 2020-21 Annual Report and Financial Statements.
-