

Griffin

Chartered Accountants

Internal Audit Report

Learning Academy Partnership (South West)

Anti-Fraud Framework, Funding Claims & Risk Management

Visit date: 19 June 2023

Issued by: Jared Mills



Learning Academy Partnership (South West)

1. Basis of the report

The Academy Trust Handbook requires that all Trusts have a process in place for checking its financial systems, controls, transactions and risks. One of the options laid out for fulfilling this requirement is for the Trust to appoint an internal auditor and it is in this capacity that we are making this report.

Timetable of work

Griffin will carry out three visits to the Trust in order to fulfil these obligations, one in the Autumn Term, one in the Spring and one during the Summer term.

Over the course of the year our work will cover the following key areas:

- Financial budgeting and monitoring
- Governance and regularity
- Internal control framework
- Anti-fraud framework
- Recruitment and selection
- Funding claims
- Risk assessment

Our work will establish the existing systems that the Trust has in place, test whether these systems are being followed and make suggested improvements.

Work completed 19th June 2023

Anti-fraud framework:

- Review staff expense claims
- Review staff mileage claims
- Review charge card controls

Funding claims:

- Review pupil number returns
- Check accuracy of pupil census

Risk assessment:

- Review risk registers
- Check Trustee approval
- Review consideration of high-risk areas
- Review data protection and cyber security

2. Update on previous findings

There were no recommendations made in our February 2023 visit and all previous recommendations had been cleared.

3. Work completed


	Work completed	Result	Conclusion
Anti-fraud Framework			
1.	<p>Staff expense claims</p> <p>A sample of staff expense claims were reviewed to ensure:</p> <ul style="list-style-type: none"> - the Trust's financial procedures are being followed - Claims are within budget and appropriately authorised - Expenditure is appropriate - There is sufficient supporting documentation. 	<p>A sample of ten staff expense claims were tested. Each one had been authorised by the appropriate budget holder and had supporting receipts to back up the claim.</p> <p>One claim selected was for the upgrade of a staff members' personal car insurance to include business use. Upon discussion with the Trust's Operational Finance Lead, this was due to an internal error in which the Trust had not informed the staff member that they needed it, so as a one off, the Trust decided to pay for the staff members additional amount, along with another staff member who had recently joined.</p> <p>The 45p per mile paid to staff to cover business miles travelled is intended to take into account the additional costs associated with business use. Therefore, this is not an appropriate use of public funds.</p>	<p>See recommendation in Section 4.</p>

2.	<p>Mileage expense claims</p> <p>A sample of mileage expense claims were reviewed to ensure:</p> <ul style="list-style-type: none"> - the Trust's financial procedures are being followed - Claims are within budget and appropriately authorised - Expenditure is appropriate - There is sufficient supporting documentation. 	<p>A sample of ten mileage expense claims were tested. Each one had been authorised by the appropriate budget holder. As VAT is not reclaimed, supporting receipts are not required. The expenditure was appropriate for the education of children.</p>	<p>No issues to note.</p>
3.	<p>Charge cards</p> <p>We obtained a list of the Trust's charge card holders, checked where these were kept and reviewed a sample of charge card transactions to ensure that expenditure is in line with academic purposes.</p>	<p>We reviewed the charge card holders and found that all charge cards were kept in either a safe or a locked drawer at the individual school or head office. All the expenditure reviewed was in line with academic purposes.</p> <p>The Trust's Operational Finance Lead is currently in the process of ensuring all supporting documentation is provided for charge card statements for this academic year and ensuring no transactions are omitted from PSF. Once complete, this process will be much stricter and all statements will be checked and signed off in a much more timely manner.</p>	<p>No issues to note.</p>





Funding claims			
4.	<p>Pupil number returns</p> <p>We agreed pupil numbers per the October 2021 census return to the pupil attendance records at that date.</p> <p>We obtained a sample of pupils and ensured they were not fictitious.</p>	<p>The pupil numbers per the October 2021 census return agreed to the Trust's attendance records at the same date. A sample of student's attendance records were then reviewed to ensure they were correctly included on the census return.</p>	No issues to note.
Risk management			
5.	<p>Review of risk register</p> <p>We obtained and reviewed copies of the risk registers for each individual school and the Trust. We analysed the range of risks considered, including both financial and non-financial risks.</p> <p>We checked that the risk registers have been reviewed at least annually for any changes, and that reasonable controls have been identified to mitigate high and medium risks.</p> <p>We ensured that the risk register has been tailored specifically for each academy and is not just a generic template. This will help the schools to effectively manage their unique risk profile.</p> <p>We checked that the risk register has been tailored to covers risks regarding data and IT risks.</p>	<p>The risk registers for each individual academy, as well as at Trust level, were obtained and reviewed.</p> <p>These are reviewed and updated on a regular basis by the Audit Risk and Resources Committee.</p> <p>The risk registers contained relevant risks tailored to each academy (including data protection and IT risks), as well as their associated countermeasures in order to try and mitigate the risks. All risks have been rated in terms of likelihood of occurrence and potential impact, and as such, rated as high, medium, or low-level risks.</p>	No issues to note.

6.	<p>Trustee approval</p> <p>Ensured that the risk register has been appropriately approved by the Board of Trustees within the last 12 months.</p>	<p>The risk register has been approved by the Audit, Risk and Resources Committee, and all risks are reviewed on a regular basis at each meeting.</p>	<p>No issues to note.</p>
7.	<p>Consideration of high-risk areas</p> <p>Ensured that the Board of Trustees have discussed high-risk areas identified on the risk register, and that these are being continually monitored where they are areas that cannot be tested by the internal audit.</p>	<p>The risk register has been separated into two documents; a full risk register and a risk register with all items deemed high risk. These items are reviewed first at board meetings, then discussed and monitored regularly if they cannot be tested via an internal audit.</p>	<p>No issues to note.</p>
8.	<p>Data protection and cyber security</p> <p>Ensured the Trust has a data protection policy in place and has procedures in place to mitigate and protect against the risks of cyber security and cybercrime.</p> <p>Discussed with the Trust's Finance Lead if there has been a recent assessment of the Trust's exposure to cyber security risks.</p> <p>Ensured that all staff have completed the free cyber security training and there is a record of who has completed this.</p>	<p>We obtained a copy of the data protection policy, and reviewed its contents. We are happy that it included procedures to mitigate and protect against cyber security and cybercrime.</p> <p>The Trust undertook a cyber security audit at the end of the last financial year which went well. They have also undertaken a further assessment to obtain a cyber security mark, which confirms their systems are safe and secure.</p> <p>The Trust is looking into circulating a training module from 'Every' on cyber security. This will also enable them to monitor if staff have completed it.</p>	<p>No issues to note.</p>

4. Recommendations

	Finding	Recommendation	Priority	Management Response
Anti-Fraud Framework				
1.	<p>Staff Expense Claims</p> <p>The Trust paid for the upgrade of a staff members' personal car insurance to include business use.</p> <p>The 45p per mile paid to staff to cover business miles travelled is intended to take into account the additional costs associated with business use. Therefore, this is not an appropriate use of public funds.</p>	<p>We recommend that going forward the Trust ensures all staff expense claims are an appropriate use of public funds. They should specifically ensure they do not reimburse any staff members for adding business insurance to their policy, as such additional costs are wrapped up in the 45p per mile they receive when travelling anyway.</p>		<p>Management Response June 2023: Agreed. The total paid for upgrading staff members insurances to cover business use was £61.06, for two members of staff. We are in the process of recouping these amounts from both staff members. Going forwards the Trust will not offer to cover the upgraded cost, in any circumstances.</p>

Report Priority rating

	Fundamental findings that need the immediate attention of management
	Important findings that require management attention, but are not fundamental in nature
	Minor issues that can be improved or administrative errors that require correcting
	The issue has been resolved