Griffin

Chartered Accountants

Internal Audit Report

Learning Academy Partnership (South West)

Anti-fraud framework, Funding claims and Risk management

Visit date: 27 June 2022
Issued by: Ryan Bunn & Vicky Kennell

Learning Academy Partnership (South West)

1. Basis of the report

The Academies Financial Handbook requires that all Trusts have in place a system for checking its financial systems, controls, transactions and risks. One of the options laid out for fulfilling this requirement is for the academy 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 school in order to fulfil these obligations, one in the Spring Term, one in the Autumn and one during the Summer term.

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

- Payroll
- Income and cash receipts
- Fixed assets
- Financial budgeting and monitoring
- Regularity
- Governance
- Risk management
- Recruitment & Selection
- Internal control framework
- Anti-fraud framework

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

Work completed 27 June 2022

Risk management

- Review of risk register
- Trustee approval
- Consideration of high-risk areas
- Data protection and cyber security

Anti-fraud framework

- Staff expenses claims
- Staff mileage claims
- Charge card controls

Funding claims

- Pupil census testing

2. Update on previous findings

Finding	Recommendation	Priority	Management Response
Governance and regularity			
1. There are currently four serving Members, of which all are independent from the Board of Trustees. It is the ESFA strong preference that there are at least five serving members.	Although four members in enough to be compliant with the 'must' requirements in the Academy Trust Handbook, it is recommended that the Trust recruits an additional member, in line with the DfE's strong preference.	G ↓ ✓	We are currently actively recruiting a fifth member. **Update February 2022** We are still actively recruiting a fifth member. **Update June 2022** There was a fifth member recruited in May 2022.

3. Work completed

	Work completed	Result	Conclusion
Risk management			
1.	**Review of risk register** Obtain and review a copy of the school's risk register, analyse the range of risks considered, including both financial and non-financial risks. Ensure that the risk register has been reviewed at least annually for any changes, and that reasonable controls have been identified to mitigate high and medium risks. Check that the risk register has been tailored specifically for the school and is not just a generic template. This will help the school to effectively manage their unique risk profile. Ensure the risk register has been tailored and covers risks regarding data and IT risks.	The risk register has been obtained and reviewed, and it contains sufficient financial and non-financial risks. This is reviewed and updated on a regular basis by the Finance, Audit & Risk Committee. The risk register has been tailored for risks specific to each individual school as well as at Trust level. 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. All risks per the risk register have the related controls listed that are currently in place, as well as additional actions that are to be undertaken to lower the risk to reduce the impact to a tolerable level. The risk register has been tailored specifically and includes risks regarding data and IT issues. There are procedures in place to reduce these risks.	No issues to note.

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2.	**Trustee approval** Ensure that the risk register has been appropriately approved by the Board of Trustees within the last 12 months.	The risk register has been approved by the Finance, Audit & Risk Committee, and all risks are reviewed annually.	No issues to note.
3.	**Consideration of high-risk areas** Ensure that both the audit committee and 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.	The risk register has been split into two documents, a full risk register, and a risk register with all items with a risk over 12. All these items are reviewed first and discussed. All risks are continually monitored.	No issues to note.
4.	**Data protection and cyber security** Ensure the school has a data protection policy in place and has procedures in place to mitigate and protect against the risks of cyber security and cybercrime. Discuss with the school business manager if there has been a recent assessment of the school's exposure to cyber security risks. Ensure that all staff have completed the free cyber security training and there is a record of who has completed this.	We obtained a copy of the data protection policy, and reviewed its contents, and were happy that it included procedures to mitigate and protect against cyber security and cybercrime. The Trust is undergoing a basic cyber security quality mark. Once this has been achieved, they will work towards a more detailed quality mark going forwards. A video on cyber security has been distributed to all staff members. Staff are monitored to ensure video has been completed.	No issues to note.

Anti-fraud framework

1.	**Staff expense claims** A sample of staff expense claims were reviewed to ensure: - the academy's financial procedures are being followed - Claims are within budget and appropriately authorised - Expenditure is appropriate - There is sufficient supporting documentation.	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. The expenditure was appropriate for the education of children.	No issues to note.
2.	**Mileage expense claims** A sample of mileage expense claims were reviewed to ensure: - the academy's financial procedures are being followed - Claims are within budget and appropriately authorised - Expenditure is appropriate - There is sufficient supporting documentation.	A sample of ten mileage expense claims were tested. Each one had been authorised by the appropriate budget holder. As VAT is not claimed back supporting receipts are not required. The expenditure was appropriate for the education of children.	No issues to note.
3.	**Charge cards** We obtained a list of the academy'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.	We reviewed the charge card holders and found that all charge cards were locked in a safe at the individual school or head office, except the Estate Manager who always keeps his card on him. All the expenditure is in line with academic purposes.	No issues to note.

Funding claims			
1.	**Pupil number returns** Agree pupil numbers per the Summer 2022 census return to the pupil census at that date and to the ESFA's GAG funding calculations, to ensure correct funding has been received.	The pupil numbers per the Summer 2022 census return agreed to the academy's list of pupils at the same date. A sample of student's attendance records were reviewed to ensure they were correctly included on the census return	No issues to note.
2.	**GAG pooling** For MATs with GAG pooling, review if the Trust considered the funding needs and allocations of constituent academies. Review if there is an appeals mechanism in place for the constituent academy to appeal if they feel they have been unfairly treated. Obtain the policy/evidence of this.	The Trust has considered the funding needs and allocations and have put GAG pooling in place. There is a policy in place for appeals, however, when a new school joins the MAT, it is made clear that there will not be any exceptions to GAG pooling.	No issues to note.

4. Recommendations

From our testing of the systems and controls around the response to recruitment and selection we have not identified any recommendations. Furthermore, all the recommendations we made in our previous report are being acted on appropriately. This is testament to the Trust Finance Lead and her team.

Report Priority rating

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