



SCHOOLS AND ACADEMIES SERVICES LIMITED



# Internal Scrutiny Annual Report

Canterbury Cross Primary School

*Prepared by Nigel Smith for Year Ended 31<sup>st</sup> August 2020*

## Introduction

Internal Control visits were undertaken at Canterbury Cross Primary School in accordance with the Service Level Agreement between drb and Canterbury Cross Primary School.

The reviews have been undertaken to provide an independent assurance report to the Canterbury Cross Primary School Trustee Board and Finance/Audit Committee on the adequacy and effectiveness of the financial controls operating within the Canterbury Cross Primary School in accordance with the requirements contained in the Academies Financial Handbook.

Where issues or omissions in the system of internal control were identified, we included recommendations for improvements in our reports.

The reports provide the Board, Governors, Audit Committee and Finance Committee with limited assurance that the following issues have been complied with:

- The financial responsibilities of the Governing Body/Directors are being properly discharged.
- Resources are managed in an efficient, economical and effective manner.
- Sound systems of Internal Control are being maintained.
- Financial considerations are fully taken into account in reaching decisions.

We emphasize that it is the Trust Board /Academy's responsibility to ensure recommendations are acted upon in a timely manner and any changes should be monitored to ensure they are effective in improving the Academy's/Trusts financial resources.

Any recommendations raised in the reports are followed up on the next visit, usually scheduled for the next term. Any items identified which pose a significant risk should be implemented as a matter of priority.

## Schedule of Visits: 2019 / 2020

Name of Academy / MAT	Autumn	Spring	Summer
Canterbury Cross Primary School	07/01/20	Not possible due to COVID 19 lockdown.	10/09/20

## Financial Management

The Internal Control testing covers the following areas:

### *Purchases*

Five payments made within the period are selected to ensure:-

- The payment is correctly authorised.
- The payment is correctly authorised in the accounting system.
- The invoice is correctly authorised.
- The invoice agrees to the order.
- That goods or services have been certified as received.
- The order is correctly authorised.
- That the order has been placed with an appropriate supplier.

### *Contracts*

Details of any contracts with a value over a prescribed limit are obtained and the documentation reviewed to ensure that the correct quotation/tender procedures have been followed.

### *Capital Expenditure*

Progress against any significant capital contracts are reviewed to ensure payments are appropriate and progress of the project is satisfactory.

### *Funding Reconciliation*

Review the receipts from the ESFA and LA checking the amounts agree with the source documentation before tracing onto the Finance system.

### *Income*

Select receipts and ensure money is banked promptly and in full, ensuring monies are recorded correctly in the accounting system. For those academies with cashless arrangements, settlement statements are checked with supporting information.

### *Payroll*

- Five employees from the payroll are selected and the salary details will be checked back to personnel records to confirm that the amount paid is correct.
- Five amendments to the payroll are checked to ensure that appropriately authorised source documentation exists.
- The final payroll print for one month is reviewed to ensure that it has been appropriately authorised.

### *Accounting Systems*

- Bank reconciliations are reviewed to ensure that they have been correctly prepared and authorised.
- Control account reconciliations are reviewed to ensure that they have been correctly prepared and authorised.
- The procedures used to prepare financial reports issued to Governors and Officers of the (Canterbury Cross Primary School) and ESFA are reviewed through sample checks to be satisfied that they are completed accurately and promptly.
- The Internal Control Officer checks the function of reports and budget monitoring reports.

### *Reports and Returns*

Review the latest reports submitted to the ESFA and Governors and agree to source documentation.

## **Summary of Findings and Recommendations**

The following is a summary of the key findings and recommendations arising in the academic year 2019/20.

Finding	Recommendation	Implications	Management Response
<b>Autumn Term 1.13</b>			

In the sample of five selected, all five orders were raised after the date of the invoice.	It is recommended that official orders are raised prior to the receipt of goods or services.	This will ensure there is sufficient budget for the expenditure and that the expenditure has been authorised by the appropriate member of staff. This will in turn ensure the finance system shows the correct commitment and is up to date.	Orders will be put onto the system and authorised by DHT's on a daily basis instead of a weekly basis. This will reduce the number of items delivered before the order has been processed.
<b>2.12</b> Details of the main contracts for Canterbury Cross Primary School are contained in a schedule.	It is recommended that the contractual details are expanded to include start/end dates, period covered, cost annually/quarterly and any termination penalty clauses that may exist.	To provide a concise reference document to assist with internal scrutiny.	Contracts schedule has been updated and now includes the school house contracts too.
<b>7.4</b> The salary control account balance on the visit was - £141972.16 made up of the December salaries £139662.09, NI Rebate £3k less a b/f balance of £669.93 which may be relative to the former fixed direct debit arrangement operated by BCC. The SBM advised that an email had been sent to BCC regarding this matter.	It is recommended that the amount of £669.93 is investigated and subsequently adjusted.	The salary control balance should represent a nil balance or relate to the most recent months payroll liability to be settled with the Local Authority. Any historical items should be investigated and cleared from the reconciliation.	This amount is still under investigation as BCC are working from home.
<b>Summer Term</b> <b>7.6</b> When the bank reconciliation was analysed there were two receipts in the unreconciled items that require investigation as follows: 23/10/19 BANK1 500599 £74.90 and 19/12/19 BANK1 £1895.02.	It is recommended that these old items are reviewed and are subsequently adjusted if necessary.	There should not be historical unreconciled items within the Bank Reconciliation. They should be investigated and cleared.	Items have been removed and regular checks will be made by the Finance support and SBM to ensure old outstanding unreconciled items are investigated and cancelled if needed.

## Executive Summary

The level of controls existing within the Finance operation are considered compliant to the Academies Financial Handbook.

A full risk assessment is completed every year, with every member of the workforce at Canterbury Cross responsible in completing risk assessments.

A sample of risk assessments for 2019/20 was provided and this year due to COVID 19 they have been completed via Forms.

Along side this the BSM walks the school site every week and informs the SBM in writing of any issues. Any issues discovered are resolved straight away.

A copy of the Canterbury Cross Health & Safety Policy was provided, and the school aims to:

- Provide and maintain a safe and healthy environment.
- Establish and maintain safe working procedures amongst staff, pupils and all visitors to the school site.
- Have robust procedures in place in case of emergencies.
- Ensure that the premises are maintained safely and are regularly inspected.

## Emerging issues for the Academic Year 2020 / 21

Subject to the situation regarding COVID 19 a full programme of Internal Scrutiny will be carried out in the 2020/21 academic year.

**Signed** Nigel Smith on behalf of DRB Schools and Academies Services Ltd

**Date** 14/12/2020