

## Finance Services

### **Internal audit assurance service for academies**

The Internal Audit assurance service undertakes independent checking of financial controls, systems, transactions and risks to support academy trusts in meeting their responsibilities for risk management, robust internal financial controls and the efficient and effective use of resources.

Academy Trusts (ATs) are responsible for significant amounts of public money and while academy status brings greater freedoms, it also requires sharper accountability.

The Academies' Financial Handbook requires that every AT has a process in place for independent checking of financial controls, systems, transactions and risks. It also requires that all ATs establish either an audit committee or a committee that fulfils the functions of an audit committee – this could be the Finance Committee.

The role of this committee is to help governors meet their responsibilities for risk management, robust internal financial controls and the efficient and effective use of resources. Our service offering is either a three-day or a four-day service for single academy trusts. For Multi academy trusts, the frequency of internal audit visits would depend on the size and structure of the trust.

With our three day service, a member of our team will visit the academy for one day per term and will work through an evaluation tool, specifically designed by Schools' Choice for academies using the internal audit support service. The questions will be answered based on physical evidence and testing, and also through questioning of the relevant members of staff, head teacher and governors of the academy.

Core transactional testing will be undertaken at each visit covering a sample of payroll and income transactions, orders/payments and bank reconciliations. In addition, the monitoring reports produced for governors will be checked to ensure there are adequate budgetary control arrangements, and that expenditure against the budget is on target.

Following the outcomes of the transactional testing, the team will focus the remainder of the day further testing any risks identified in the transactional testing or as requested by the audit committee or equivalent.

The following areas are likely to be identified as risk areas and are therefore an excellent choice for the programme of review:

- Inventory and security
- Annual accounts and audit
- Borrowing
- Payroll
- Purchasing
- Income controls
- Payments and withdrawals
- Petty cash
- Governance
- Risk management
- Budget setting
- Planning cycle and development plan
- Monitoring and review
- Tax
- Assets
- Insurance
- Data security

A report will then be provided to the academy trust's finance or audit committee which includes an overall summary, an action plan and a detailed summary of the testing undertaken. An editable version of the action plan will also be provided for the academy's internal use.

The audit committee (or equivalent) will then be responsible for reviewing the findings of the internal audit support service and reporting to the full governing body. The internal audit support service will also provide a number of best practice policies, procedures and forms as appropriate that the academy can adapt to further improve the standard of financial management.

Our four day service includes an additional day to further focus on the identified risk areas and give the trust the opportunity to cover more areas within the audit cycle.

### **Multi academy trusts**

Multi academy trusts will be able to take advantage of this service within each of their constituent academies. We will tailor our service according to the internal arrangements within the trust to ensure that the appropriate testing takes place. The evaluation tool has been specifically designed to include the standard internal audit questions as well as additional tests specific to multi academy trust's needs.

A report will then be provided to the academy trust's finance or audit committee of an overall summary, an action plan and a detailed summary of the testing undertaken. In addition a report will be provided to the trusts finance or audit committee and trustees covering all the academies within the multi academy trust.

This will include an overall action plan for all of the academies tested an overall summary for the trust as a whole and a copy of each of the constituent academies overall summaries.

### **Please note**

This service cannot provide 'absolute' assurance regarding the internal control systems at the academy. No service could guarantee to identify all errors or irregularities. One day is 6.5 hours starting at 9.30am.

### **Schools' responsibilities**

The school will need to ensure that the team member has access to a full range of documents, including:

- Minute books
- Order and invoice files
- Payroll documentation
- Policies
- Fixed assets
- Equipment registers
- Data Protection policy and associated documents

Please contact us if you would like a copy of the comprehensive list of documents.

### **Quality and Performance standards**

The report will be emailed to the academy within 10 working days of the last visit within the term.

### **Availability**

This service is available to all academy trusts.