

# Everychild Trust


Internal Scrutiny – Annual Summary Report

Period: September 2021 to August 2022



# Contents

	<b>Page</b>
Introduction	3
Scope of internal scrutiny reviews during the year	5
Conclusions	6
Summary of our recommendations	7



# Introduction

## Purpose of this report

This report has been prepared for the trustees of Everychild Trust (the “Trust”) to bring attention to ‘those charged with governance’ (i.e. the trustees) various matters arising from our internal scrutiny review of the Trust’s internal controls, regularity, governance and certain other procedures for the period 1 September 2021 to 31 August 2022.

This report is your Annual Summary Report to summarise the areas that we reviewed, our key findings, our recommendations to enhance financial and other controls and risk management and our conclusions to help your audit committee consider what actions are needed to improve your governance and assess year on year progress.

## Background to internal scrutiny

All academy trusts must have a programme of internal scrutiny to provide independent assurance to the board that its financial and other controls, and risk management procedures, are operating effectively.

Our internal scrutiny reviews during the year have focussed on:

1. Evaluating the suitability of, and level of compliance with, financial and other controls. This includes assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed;
2. We have provided advice and insight to the board on how to address weaknesses in financial and other controls, acting as a catalyst for improvement, but without diluting management’s responsibility for day to day running of the Trust;
3. We ensure all categories of risk are being adequately identified, reported and managed;
4. We have assisted the Trust identify on a risk-basis (with reference to its risk register) the areas we will review each year, modifying our checks accordingly. For example, this may involve greater scrutiny where procedures or systems have recently changed; and
5. Our internal scrutiny has taken account of output from other assurance procedures, for example, we have regard to recommendations from your external auditors as described in their management letter, and from any relevant reviews undertaken by ESFA.

Our internal scrutiny procedures are designed to assist the trustees in discharging their responsibilities to have in place a process for independent checking of financial controls, systems, transactions and risks. We agreed with you a programme of work during the year that is designed to address the risks to internal financial control that are relevant to the Trust.

We have included in this report only those matters that have come to our attention as a result of our normal internal scrutiny and assurance procedures and, consequently, our comments should not be

regarded as a comprehensive record of all weaknesses that may exist or improvements that could be made.

This report is confidential to the trustees of the Trust and is intended only for use by them, and the staff of the Trust's academy where appropriate. No responsibility is accepted to any other person in respect of the whole or part of its contents. Before this report, or any part of it, is disclosed to a third party, other than to the Education & Skills Funding Agency (ESFA) and/or the Trust's external auditors if requested, our written consent must be obtained.



## Scope of internal scrutiny reviews during the year

Our internal scrutiny work was carried out on a termly basis remotely by our audit staff. This annual summary report sets out the findings and conclusions of the work completed and is based on the information and documents provided to us at that time.

Our work programme was extensive and many areas were tested satisfactorily. Our testing has been based on samples taken across the period and is not representative of an extensive financial investigation into transactions and balances. There were a few areas identified where improvements could be implemented to demonstrate further compliance with the requirements of the Academy Trust Handbook 2021 (ATH). We have made recommendations for improvements in these areas and graded them by their risk factors. Our report includes a column for management's responses that were received for each of our recommendations.

Our programmes of work covered the following areas for consideration:

- Payroll
- Recruitment and HR (including joiners and leavers)
- Income

The scope of our review did not include review or assessment of educational performance, health & safety or cyber security.

Our approach was based primarily on a review of the systems of internal control in place and their adequacy when compared with the requirements of the Academy Trust Handbook 2021.



## Conclusions

As a result of the work carried out, there are several recommendations that have been set out in the next section of the report.

The procedures over the governance arrangements at the school should be considered to enable the system of internal financial control to operate at a better level.

We have also prepared a checklist of the ATH 2021 “musts” and have sent this to the Trust’s finance team for their use.

Academy trusts also need to have regard to the definition of ‘shoulds’ in the ATH 2021 which is minimum good practice ESFA expects to be applied but with discretion over implementation to suit each trust’s particular circumstances.

### Acknowledgements

We wish to thank the trust’s finance team for their help and co-operation during the course of our internal scrutiny reviews during the year.

## Summary of our recommendations

Our review, which covered the period September 2021 to August 2022 has identified areas where we made the following key recommendations to address issues identified. We have used the following risk factors for each of our recommendations. We set out below only 'medium' and 'high' recommendations.



These are areas that the Board may wish to consider as part of their annual review of internal controls and in aiming to meet best practice guidelines. We have not shown below the 'low' areas identified during the year.



These recommendations should be considered by the Board to ensure that they are in compliance with the ESFA guidelines.



These recommendations should be considered by the Board as a matter of urgency and steps taken to implement appropriate measures to address the deficiency. There were no 'high' recommendations in the year.

Risk	Areas	Observations	Recommendations	Management responses
	Income	It was observed that there was no written cash policy.	We recommend there should be a written cash policy for ECT to follow. This is to ensure the safe handling of cash receipts. Having a policy in place helps to ensure all staff know and are confident about handling any cash received.  The procedures should also be consistent with any other relevant financial policies you have, setting out procedures, controls, and which members of staff have responsibility for monitoring and reviewing financial procedures.	
	Payroll	Pre-payroll reports which detail overtime payments as per payroll exception reports are produced monthly and reviewed.	Additional payments made to employees outside of their normal salaries should be included within a payroll exception report. Payroll exception reports should be produced and reviewed on a monthly basis to ensure any anomalies are spotted and dealt with appropriately.	

		However separate payroll exception reports are not produced and reviewed monthly.		
--	--	---	--	--