



Internal Scrutiny Report

Academic Year 2018-19

Autumn Term 2019



1 Introduction

Independent assurance that the trust's financial and other controls, and risk management procedures are operating effectively, is provided to the Board of Directors, through a process of internal scrutiny directed by the trust's Audit and Risk Assurance Committee (A&RC).

The A&RC was established in 2016 (appointed by the board), and met 4 times during the academic year 2018-19. Non-executive board members are:

Adele Poppleton	Chair until Mar 19 (resigned from committee Mar 19)
Mike Dunkley	Vice Chair, then Chair from Mar 19
Vic White	
Emma Lewis	Appointed 1 Sep 19 (Trust Member)
Adam Ahmed	Appointed 1 Sep 19, resigned 14 October 19 (Trust Member)

There are currently vacancies for 3 independent external members.

2 Internal Scrutiny

To deliver internal scrutiny, the trust has chosen the option of a bought-in internal audit service, which is a supplementary program of work undertaken by the external auditor and is subject to a separate letter of engagement. The external auditors are members of a relevant professional body. Any potential conflict of interest with the statutory audit role is managed through the audit firm's ethical standards and a separate letter of engagement.

The A&RC has agreed its programme of internal audit work for the forthcoming year (2019-20).

3 Areas Reviewed in 2018-19

The trust expanded in 2018-19 (increasing from 4 schools, to 6 (1 of which is a through school comprising 1 secondary plus 2 primary schools). This led to a review of the structure of governance and back office functions, and a decision was taken to centralise functions such as ICT, Finance, Premises and Administration, with effect from 1 September 2019.

The effect of introducing centralised services, alters the way in which the trust's procurement, financial, risk management, governance and internal control systems are managed and controlled.



Therefore, although a program of internal audits was scheduled to take place during 2018-19, the A&RC agreed (in consultation with the board and external auditors) to defer it until 2019-20 to reflect the changes in systems and procedures following the centralisation process.

Other reviews are contained in the A&RC's 2018-19 Work Programme, were completed as follows:

- Scrutiny of Royds Community School budget control processes;
- Review of key risks facing the trust (how managed and progress on actions agreed – discussed at every A&RC meeting);
- Scrutiny of GDPR implementation and compliance;
- Review of 2017-18 Annual Report & Financial Statements;
- Scrutiny of 2017-18 Gender Pay Gap report (including planned actions);
- Review of DBS checks status (ensuring that no DBS is older than 5 years);
- Annual review and scrutiny of Trust Financial Policies;
- Plans to implement re-tender exercise for external and internal audit work (effective for 19-20 financial year);
- Plan 2019-20 internal audits (2 audits in plan);
- Evaluation of the financial assurance framework;
- Scrutiny of the catering tender procurement process, and a new contract was awarded across all schools in the trust, effective from 1.9.19;
- Audit of the effectiveness of the A&RC;
- Annual report to the Board of Directors.

4 2018-19 Audit of Effectiveness of Audit & Risk Assurance Committee

The Audit and Risk Assurance Committee RAGG rated its effectiveness using a template of 10 questions, plus 4 questions specifically related to the effectiveness of the Chair.

The results are as follows:

Q	Committee Questions:	1	2	3	4	5	6
1	I consider that the Committee provides an adequate level of scrutiny, breadth of perspective and an appropriate level of constructive challenge to management, without inappropriate management influence	Green	Yellow	Orange	Green	Green	Green
2	The committee operates in an open environment in accordance with the culture and values of the organization and in which different views are seen as constructive, and encouraged	Green	Yellow	Green	Green	Yellow	Green
3	I receive high quality information and timely papers	Orange	Green	Green	Green	Green	Green
4	The committee minutes are clear, accurate, consistent, complete and timely. They include key elements of debates of actions and recommendations	Green	Yellow	Green	Green	Yellow	Green



5	The committee deals with its workload effectively and the allocated schedule and time for meetings is sufficient						
6	The committee members have sufficient knowledge and understanding to make well informed and high quality decisions concentrating on key issues						
7	I believe the membership of the committee is appropriate with the requisite diversity of skills, relevant experience, background and opinions, in the context of the challenges facing the organisation						
8	The ongoing training received by the committee is appropriate and timely						
9	The committee meets its Terms of Reference						
Questions relating to the Chair:							
1	The Chair provides effective leadership, sets the tone of the meeting, is inclusive and encourages group debate, whilst ensuring conclusions to be reached in a timely manner						
2	The Chair ensures the committee agenda allows sufficient time for the consideration of all matters and reports are of sufficient quality to allow members to discharge their duties						
3	The Chair ensures the committee comprises of members with an appropriate balance of skills and experience, the contribution of committee members is effective and new members have a tailored induction						
4	The Chair ensures the committee is effective in all aspects of its role, and constructively challenges management and helps develop strategic proposals						
What can we do better?							
- It is challenging to prepare papers on time because of conflicting demands from others, eg ESFA, directors, schools.							
- Recruit committee members with experience in HR and legal.							
- Try to get papers out a little early if possible and indicate if update will be verbal versus a paper on the agenda, so we know not to look out for one under such circumstances.							
- Sometimes 1.5 hrs not sufficient to properly scrutinize the issues. November agenda seems full - should we look at re-scheduling some items?							
- Sometimes a more detailed recap of system changes at the following meeting – such as the risk process for example, would help with embedding the learning as it is a long time between meetings.							
- Distribute minutes in plenty of time before the next meeting.							

5 Key Findings, Recommendations and Conclusions

No formal internal audit exercise was completed in 2018-19. However, the external audit completed for the 2018-19 accounting period, delivered an unqualified audit, and there were no recommendations in its management letter.

The areas reviewed (in section 3) were presented to the Board of Directors, together with the results of the Audit of Effectiveness of the A&RC (see RAGG rated summary results in section 4). The board scrutinised and challenged the findings, and formally recorded acceptance of the report, with no actions arising.



6 2019-20 Actions arising from areas reviewed in 2018-19

Based on the results of the areas reviewed in 2018-19, review of A&RC's effectiveness in 2018-19, alongside the work programme for 2019-20, the committee will focus its activities towards the following areas:

- Robustly review what the key risks facing the trust are, and any actions arising;
 - Provide scrutiny and challenge regarding the draft 2018-19 Annual Report and Financial Statements prior to it being presented at the AGM;
 - Provide scrutiny and challenge in terms of internal audits planned for 2019-20 – including any reported actions;
 - Examine progress made against the Gender Pay Gap actions; and
 - Prepare the Internal Scrutiny Summary Report (for ESFA) for submission with the 2019-20 Annual Report and Financial Statements.
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