# AHMAT
Internal Audit
Report

2023

Ashley Hill Multi Academy Trust

**Encourage one another and build each other up**
1Thessalonians 5:11

## Introduction

Internal scrutiny is a process that provides independent assurance to the Board of Directors that its financial and other controls, and risk management procedures, are operating effectively. As a minimum, it involves a series of tests to ensure systems are effective and compliant but goes beyond mere transaction checking.

The programme of internal scrutiny is informed by the AHMAT Trust's Risk Register, which is owned by the Board of Directors and overseen by the AHMAT Finance and Audit & Risk committee.

The Board of Directors and Finance and Audit & Risk committee identify how well risks are managed, how effective our processes are and how agreed procedures are being followed, as well as identifying areas where efficiencies or change should be made.

The risk management process is iterative and ongoing and is influenced by the findings of the programme of internal scrutiny which in turn inform the risk register. The planning of the programme of internal scrutiny is a risk-based joint enterprise between the Board of Directors , the AHMAT Finance and Audit committee, RO and the auditors appointed to conduct the internal scrutiny.

The Accountable Officer has prepared the following summary of the internal scrutiny work commissioned by the Board of Directors over Bishop Fleming.

## Trust overview

## Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Directors of Ashley Hill Multi Academy Trust are also the Directors of the charitable company for the purposes of company law. The charitable company operates as Ashley Hill Multi Academy Trust.

The Academy Trust was opened on 1st September 2014 with Knowl Hill CE Academy and White Waltham CE Academy, and Bisham C of E Academy joined on 1st September 2017. It is a company limited by guarantee and an exempt charity.  The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

Details of the Directors who served throughout the period, except as noted, are included in the Reference and Administrative Details below.

The trust operates Bisham CE Academy, Knowl Hill CE Academy and White Waltham CE Academy in Maidenhead, Berkshire. Its academies have a combined pupil capacity of 630 and had on roll 405 children on school census day in October 2023.

The Board of Directors normally meet once each term.  The Board of Directors establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of the Finance & Audit Committee. In addition, it monitors the activities of the Local Governing Bodies through the minutes of their meetings, reports from Chairs of Local Governing Bodies, and views all monitoring paperwork. The Board of Directors may from time to time establish working groups to perform specific tasks over a limited timescale.

There is a Finance and Audit & Risk Committee that meets termly. The F & A and Risk Committee has its own terms of reference detailing the responsibilities discharged to it. Its membership is:

- Director – Finance Responsibilities
- Director – Chair of Bisham Local Governing Body
- Director – Chair of Knowl Hill Local Governing Body
- Director – Chair of White Waltham Local Governing Body
- CEO who is treated for all purposes as being an ex-officio member

The following decisions are reserved to the Board of Directors:

- to consider any proposals for changes to the status or constitution of the Academy and its committee structure;
- to appoint or remove the Chair and / or Vice Chair;
- to appoint and / or consider the performance management of the CEO; and
- to appoint the Trust Business Manager.

The Directors are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Directors have devolved the day-to-day management of the Academy to the CEO and the Senior Leadership Team ('SLT'). The SLT comprises the CEO, and the Head of Schools. The SLT implement the policies laid down by the Directors and the CEO reports back to them on performance.

## Internal Scrutiny

The Trust has an established approach to risk management, including the maintenance of a trust-wide risk register that is regularly reviewed by AHMAT Finance & Audit & Risk Committee. We have used our view on risks facing the trust and the related assurances available to direct our internal scrutiny work for the year.

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Directors;
- regular reviews by the finance and audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

An internal assurance review was undertaken of Ashley Hill Multi Academy Trust in accordance with the terms of engagement between Bishop Fleming and Ashley Hill Multi Academy Trust during academic year 2022 – 2023.

Bishop Fleming conducted a 1 day internal assurance review. This review was conducted remotely with evidence uploaded onto a central system for scrutiny. The scrutiny was not hindered or impacted in any way by working remotely.

The review has been undertaken to provide an independent assurance report to the Academy's Finance and Audit & Risk Committee on the adequacy and effectiveness of the financial control environment operating within the Trust in accordance with the requirements contained in the Academies Financial Handbook.

The following areas were selected to check for compliance:

- credit card review
- Expenditure
- Payroll
- Fixed Assets
- Management Letter

## Executive Summary

Bishop Fleming  performed one internal audit review during the year, focusing on key financial controls and management letter review. Our work was completed satisfactorily, and we would like to thank all staff involved in helping with the audit for their cooperation and assistance.

We did not find any evidence of major controls weakness. We have concluded that the controls described are broadly appropriate and comparable with other Trusts of a similar size and organisational structure.

They have made seven best practice (green) recommendations, detailed onwards.

## TRAFFIC LIGHT SYSTEM COLOUR KEY

Matters that we consider should be brought to your attention and recommendations we have for possible improvements are summarised in the columns in the report - the final ‘outcome’ column uses a ‘traffic light’ system.

| Testing area | Number of recommendations | | |
|---|---|---|---|
| | | | |
| Credit Card Review | - | - | - |
| Expenditure | - | - | 4 |
| Payroll | - | - | 1 |
| Fixed Assets | - | - | - |
| Management Letter | - | - | 2 |
| Total | - | - | 7 |

| Findings | Recommendations | Management Response and Update |
|---|---|---|
| **Expenditure - Purchases** | | |
| In our testing, we have selected a sample of purchases in the period, covering all schools in the Trust, for review. The Trust have noted that purchase orders are rarely used.<br>We can confirm that purchases have been placed with an approved supplier, except for one. We enquired with the Trust regarding this, and the Trust confirmed it was a supplier used for catering services prior to October 2022. The supplier is therefore now on the archived list, which is deemed to be reasonable.<br>The purchases have been correctly authorised in line with the financial procedures, with the CEO approving all invoices. In addition, we can confirm that invoices agree to postings on the system. Regarding payment, this has been set up via BACS appropriately and completed by the Trust Business Manager, which is also in line with the financial procedures. BACS reports are initially set up in the finance system and then uploaded to the online banking.<br>From review of the Trust's financial procedures, it details that, where possible, three written quotations should be obtained for orders over £1,000. From discussions with the Trust, it was identified that the Trust will obtain quotes for any purchases over £10,000. The Trust did note that there is sometimes difficulty in obtaining quotes, although they are obtained as frequently as possible and will be reviewed by the CEO.<br>One of the samples was a purchase above £10,000. However, no quotes were obtained as it is a preferred supplier and the larger invoice consisted of several smaller jobs which covered all three schools. Another larger purchase was relating to a school trip. The Trust have confirmed that other suppliers are reviewed, however, there are very few since Covid-19 and are usually fully booked. The Trust also noted that the prices for Hooke Court have increased below inflation and the Trust do obtain quotes for the coaches. This does appear to be reasonable. | We found that purchases are place with approved suppliers, are correctly processed and posted to the finance system and authorised in line with the scheme of delegation. Payments are also correctly processed and authorised.<br>We did identify that the procurement limits in the finance procedures manual are different to those used within the Trust.<br>Therefore, we recommended that the financial procedures manual is updated to be more in line with the policies used in practice at the Trust. Furthermore, the limit of £1,000 to obtain three quotes is comparably low compared to similar sized Trusts in the sector. It would be prudent for the Trust to consider whether this is still appropriate. | The Financial Procedures for 2023/24 will be updated in the summer 23 with a suggestion (that will be approved by Directors) that the £1k is changed to £5k for 3 quotes. Although it is good practice to obtain more than one quote for works. |
| **Expenditure – Approved Suppliers** | | |
| From discussions with the TBM, it was confirmed that a form is completed if a new supplier is to be used. This is in line with management's response to last year's internal audit, where smart forms were to be introduced. The Trust will check bank details and company details online. It was furthermore noted that the Trust will avoid suppliers related to any staff or governors in the schools.<br>We have also obtained and reviewed the Trust's approved supplier list. The Trust confirmed that the supplier list was updated | It can be confirmed that the process for updating suppliers is appropriate, and recommendations from last year have been implemented.<br>To reflect this, it is recommended that the Trust details in the Financial Procedures Manual specific procedures for the Trust to follow when using a new supplier. This will provide clarity and clear guidance to the Trust when using a new supplier. | The Financial Procedures for 2023/24 will be updated in the summer 23 and the new supplier procedures will be included. |

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| when the Trust updated their finance system. From that date, it is to be updated annually. In our testing, we identified a purchase from a supplier which was not detailed on the approved supplier list. The supplier was relating to services prior to October 2022, and hence was moved to the archived supplier list. This highlights that the Trust are indeed maintaining the approved supplier list appropriately. | | |
| **Expenditure - Creditor Control Account Reconciliations** | | |
| It has been confirmed that the Trust Business Manager monitors creditors each week. However, no formal reconciliation is completed, and only the Business Manager monitors the creditors. Despite this, the management report to the CEO does include details on the creditors, including any outstanding balances. This does highlight that the Trustees do have oversight of balances owed. | Even though Trustees do have oversight of creditor balances, it is recommended that, for good practice, the Trust completes monthly creditor control account reconciliations. These should be reviewed by an alternative member of the finance team. In addition, we recommended this is included in the Financial Procedures to provide increased clarity and guidance. | Noted. |

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| **Expenditure – Capital Works** | | |
| The Trust confirmed that capital works relating to the installation of air conditioning units has been completed in the year. From review of appropriate documents, it can be confirmed that the Trust acquired three quotes and chose the lowest price for the air conditioning units and electrical work. The quotations were appropriately approved by the CEO. As mentioned above, the Trust did obtain three quotes however, in line with the financial procedures, the project should have been put out to tender as the cost was over £30,000. The financial procedures provide a high level of details relating to the process of tenders, including the form of tender, preparation, invitation to tender, acceptance and the various aspects to consider. It is therefore deemed that three quotes wouldn't provide enough detail. | It is recommended that, in line with the Trust's policies, the tender process is completed for all projects over £30,000 or procured via a Framework Agreement. | Noted. |
| **Payroll – Signed Employment Contracts** | | |
| In our testing, we have selected a sample of employees from various months. We have reviewed monthly salaries in line with the personnel records held on file. One variance was identified in the sample, in which the employee was paid more than expected. The Trust Business Manager was able to easily explain that this related to an increase in | Employees' salaries paid, agreed to details held in personnel files and for all tested a valid DBS certificate was held. We recommend that, as good practice, the Trust ensure employment contracts are always signed by both the employee and employer. | Noted. |

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| salary being backdated. All other employees were paid in line with expectations.<br>For two of our sample, contracts held on file have not been signed. However, we can confirm from our testing that DBS certificates have been obtained for this sample of employees. | | |

## Management Letter Review

| Test | Findings | Recommendation | Management Response |
|---|---|---|---|
| **Year-End Adjustments** | | | |
| The following internal control weakness was identified in the management letter:<br>'At year end, accrued income and deferred income balances had not been calculated correctly.'<br>It was recommended that:<br>"Ensure accrued and deferred income balances are calculated at the year end correctly and any prior year amounts are reversed".<br>Review appropriate evidence to ensure this has been rectified. | We have reviewed the opening balance postings for the financial year and have identified that the Trust has reversed the accrued and deferred income for September 2022. This is deemed to be appropriate rectification of the weaknesses identified in the management letter.<br>From review of the nominal activity, we have not been able to identify any further deferred or accrued income postings. With the way that certain DfE funding is provided, e.g. pupil premium and UIFSM, we would expect to see some postings throughout the year | We can confirm that the accrued and deferred income balances at the year-end have been reversed into 2022/23.<br>As good practice, we recommend that for material funding streams such as Pupil Premium and UIFSM are correctly recognised throughout the year. This is, deferring, or accruing, the income over the quarter, rather than recognising it when received in the bank.<br>This will ensure that income is also correctly reported in the management accounts, allow for reliable matching of income and expenditure, and therefore provide the Trust with a sufficient oversight of fund balances throughout the year. | At the point of review no income had been received that needed accruing or deferring and no prepayments had been made. Since the review income has been received and prepayments made these have been recorded on a schedule and are available to look at if needed. |
| **Fixed Asset Register** | | | |
| The following internal control weakness was identified in the management letter:<br>'The fixed asset register didn't agree to amounts included in the Trial Balance'<br>It was recommended that:<br>"The fixed asset register should be agreed to amounts included in the trial balance."<br>Review appropriate evidence to ensure this has been rectified. | The Trust Business Manager confirmed that there is currently there is an exercise underway to transfer the FAR into Xero. Therefore, this has not been possible to review. | Since the Trust is in the process of incorporating the FAR into Xero, we have not been able to review this recommendation.<br>However, once complete, we recommend that once the FAR has been incorporated into Xero, the Trust performs a reconciliation between the cost and depreciation brought forward between balances in the accounting system and the signed accounts. | Noted. |