



Endeavour Schools Trust

Assurance Report for The Board of Trustees 2019/20

Focus: Visit 3 – Summer 2020



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INTRODUCTION

As stated in our engagement letter, you have instructed us to undertake a series of assurance reports for the Academy Trust. We understand this role is to provide you, the Board of Trustees, with additional assurance as part of an on-going independent oversight of the Academy Trust's financial affairs, in addition to the internal procedures already carried out by the Academy Trust's Finance Department. The Financial Procedures Manual has been reviewed and discussed with the Finance team at the start of each visit to ensure thorough understanding of the internal controls being tested.

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 section 2 – the final 'outcome' column uses a 'traffic light' system.

The key is as follows:



This recommendation must be addressed as a matter of priority, as the required internal controls are not currently in place.



This recommendation should be addressed as weaknesses have been identified with the current internal controls.



This recommendation will improve the current internal controls and be in line with best practice.



No recommendation, as the internal controls in place are sufficient.



At the time of our visit there was nothing to report on this particular area.

NOTE TO TRUSTEES:

If we were to report on two previous occasions that a particular control we have tested has been 'amber' then it will automatically be reported as 'red' on the next report, if no improvements to the internal control have been made.

If in any report a control has been reported as 'red' we will re-visit this particular test at our next visit to assess whether new procedures have been introduced.

Disclaimer

In accordance with instructions given to us, we have prepared our report solely for the confidential use of Endeavour Schools Trust. It may not be relied upon by Endeavour Schools Trust for any other purpose. Our report must not be recited or referred to in whole or part in any other document and must not be made available, copied or recited to any other party without our express written permission. Bishop Fleming neither owes nor accepts any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our report.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Suggested actions raised within the report should be assessed by you for their full impact before they are implemented.

It is management's responsibility to develop and maintain sound systems of internal control. Our internal assurance work is not a substitute for management's responsibilities to ensure that adequate controls are in place and operating effectively across the School, and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

SUMMARY

During our visit on 2 September 2020, we performed testing on the accounting systems operating within the Academy.

As a result of our testing, we have made 5 recommendations in this report, of which all 5 are green.

Review	Number of recommendations		
	Red	Amber	Green
Compliance	-	-	2
Strategic and Operational Review	-	-	1
Budgets and Financial Monitoring	-	-	-
Governance	-	-	2
Total	-	-	5

The recommendations are summarised below:

- Compliance Test 1 – Annex C ‘Musts’ checklist should be documented
- Compliance Test 6 – the Charity Commission CC8 checklist should be reviewed on a timely basis
- Strategic & Ops Test 4 – there should be a documented succession plan in place for each member of the Senior Leadership Team
- Governance Test 5 – notify Companies House and Edubase / GIAS with any changes to Trustees in a timely manner
- Governance Test 10 – include KMP on Register of Interests

COMPLIANCE

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p>Test 1: Review the Annex C MUSTS checklist in the Academies Financial Handbook and ensure procedures documented are in place and being operated.</p>	<p>The 'Musts' have been considered by the Board, however there is no evidence of the checklist being completed.</p>	<p>No evidence of the Annex C 'Musts' checklist being completed. It is therefore not clear how the Board has verified the compliance in practice of all required elements.</p>	<p>We recommend that you physically evidence your considerations of the Annex C MUSTS in line with the Academies Financial Handbook.</p>	
<p>Test 2: Ensure there is a fraud policy in place, covering preventative measures, reporting suspected or actual fraud and whistleblowing.</p>	<p>The Finance Policy contains a policy regarding fraud which considers preventative measures and the reporting of fraud. The Finance Policy also contains a whistleblowing policy that was deemed to be appropriate.</p>	<p>It has been ensured that there is an appropriate fraud policy in place.</p>	<p>We have no recommendations to make from our review.</p>	
<p>Test 3: Ensure that fraud is included within the remit of the Academy's finance/audit committee.</p>	<p>Fraud is included within the remit of the Finance, Audit and Risk Committee.</p>	<p>It has been ensured that fraud is within the remit of the Trust's finance committee.</p>	<p>We have no recommendations to make from our review.</p>	
<p>Test 4: Ensure fraud risk is considered within the Academy's risk register.</p>	<p>The risk register was reviewed, and fraud risk is considered appropriately.</p>	<p>It has been ensured that fraud risk is considered within the risk register.</p>	<p>We have no recommendations to make from our review.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p>Test 5: Ensure that if any fraud has been identified, that it has been notified to the finance/audit committee and the relevant report been submitted to the EFSA. Following this has the Academy undertaken a 'lessons learned' exercise.</p>	<p>No cases of fraud have been identified in the year to date, therefore no further testing on this area has been carried out.</p>	<p>It is not possible to conclude on this test since there were no cases within the year.</p>	<p>At the time of our review, it was not possible to make any recommendations on this area.</p>	
<p>Test 6: Has the Charity Commission CC8 checklist been completed to identify potential areas of weakness?</p>	<p>The Charity Commission CC8 checklist has previously been completed. However, the review of this checklist, due in January 2020, is still outstanding due to the COVID-19 situation</p>	<p>The Charity Commission CC8 checklist has been completed. However, it is due to be reviewed again.</p>	<p>Understandably, the checklist has not been reviewed recently. However, we must still recommend that the Charity Commission CC8 checklist is reviewed on a timely basis.</p>	

STRATEGIC AND OPERATIONAL REVIEW

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p>Test 1: Ensure there is a business continuity plan and Risk Register in place, in line with the Academies Financial Handbook.</p>	<p>There is a risk register in place. It has been reviewed and it was deemed to be appropriate.</p>	<p>It has been ensured that there is a risk register in place and that it is in line with the Academies Financial Handbook.</p>	<p>We have no recommendations to make from our review.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p>Test 2: Review any new finance agreements such as leases/HP to ensure they comply with EFSA guidelines and are appropriately authorised.</p>	<p>One new lease has been taken out in the year. The lease document was reviewed, and it was concluded that it is an operating lease, which complies with the ESFA guidelines.</p>	<p>It has been ensured that any new leases comply with ESFA guidelines.</p>	<p>We have no recommendations to make from our review.</p>	○
<p>Test 3: Review segregation of duties, roles & responsibilities for reasonableness. Ensure there is more than one person responsible for the bank accounts, financial systems and financial records.</p>	<p>For online banking, the CFO and Finance Assistant can upload payments, with authorisation required from the CEO.</p> <p>For the PS Financials accounting system, the CFO, Finance Assistant, and CEO have access. Whilst a designated admin staff at each Academy also has access to post any minor items, such as cash income from pupils (for trips, etc.)</p>	<p>The segregation of duties surrounding the online banking and finance system have been reviewed and have been deemed to be appropriate.</p>	<p>We have no recommendations to make from our review.</p>	○
<p>Test 4: Identify key personnel and ensure the Academy has succession plans in place where appropriate, and that information is shared amongst staff in order to minimise the impact of loss of key staff.</p>	<p>Key personnel have been identified. However, there is no succession plan in place at all.</p> <p>This issue was seen to have been discussed by the Board, so it is clear to be a known issue for the Trust.</p>	<p>There is no documented succession plan in place for key management personnel.</p>	<p>We recommend that a succession plan is put in place for all key management personnel so as to minimise any disruption caused by their loss.</p>	●
<p>Test 5: Review all legislative and compliance visits, e.g. H&S, VAT, HMRC/PAYE, EFSA Funding audits, OFSTED etc. to check for any breaches in compliance.</p>	<p>Vaynor First School had an Ofsted visit this year. The overall report was good with no compliance issues noted. No further regulatory visits were noted.</p>	<p>It has been ensured that there are no compliance issues discovered by any legislative or compliance visits in the year.</p>	<p>We have no recommendations to make from our review.</p>	○

BUDGETS AND FINANCIAL MONITORING

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p>Test 1: Review management reporting documents. Reconcile the management information pack back to the TB – ensuring the information is correctly extracted from the accounting software.</p>	<p>The monthly management accounts are directly exported from the PS Financials accounting system, therefore the amounts within reconcile.</p>	<p>It has been ensured that the information in the management accounts has been correctly extracted from the TB.</p>	<p>We have no recommendations to make from our review.</p>	
<p>Test 2: If the Academy has a deficit revenue budget which cannot be addressed after funds from previous years are taken into account, ensure that the Board has notified the EFSA within 14 days.</p>	<p>The Trust does not have a deficit revenue budget that cannot be addressed once reserves have been taken into account, therefore no further testing was carried out on this area.</p>	<p>It is not possible to conclude on this area.</p>	<p>At the time of our review, it was not possible to make any recommendations on this area.</p>	
<p>Test 3: Ensure client has a budget for more than 1 year and that it includes key changes to income and expenditure expected within the sector (e.g. NI increase, pension increase, 1% teacher pay rise, GAG funding cuts).</p>	<p>The most recent budget was obtained and reviewed. It included all key changes with careful consideration seen to have taken place.</p>	<p>It has been ensured that the client has a budget for more than one year and that it includes key changes to income and expenditure.</p>	<p>We have no recommendations to make from our review.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p>Test 4: Ensure all budget variations are discussed by audit/finance committee and the full board in line with the handbook. Significant changes must be notified to the EFSA.</p>	<p>The Board minutes were reviewed, and it was seen that the financial performance of the Trust is adequately discussed, including any variations to the budget.</p>	<p>It has been ensured that all variations to the budget are discussed appropriately.</p>	<p>We have no recommendations to make from our review.</p>	<input type="radio"/>
<p>Test 5: Review Board minutes for evidence of rigorous scrutiny by the Trustees. Is there sufficient challenge and consideration shown by the Board in the minutes?</p>	<p>The Board minutes were reviewed with sufficient rigorous scrutiny, and challenge and consideration given.</p>	<p>It has been ensured that there is sufficient rigorous scrutiny from the Trustees.</p>	<p>We have no recommendations to make from our review.</p>	<input type="radio"/>
<p>Test 6: Discuss the process in place for producing census reports. Is there segregation of duty in place?</p>	<p>The census reporting is completed by each Academy individually by the relevant school office manager, using the recognised SIMS registration system.</p>	<p>It has been ensured that the census reporting process is adequate.</p>	<p>We have no recommendations to make from our review.</p>	<input type="radio"/>

GOVERNANCE

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p>Test 1: Agree funds brought forward on client TB to the 2018/19 financial statements.</p>	<p>At the time of the review, the opening balances per the TB did not agree to the financial statements. However, Bishop Fleming are currently engaged in assisting with these issues.</p>	<p>Whilst the opening balances did not agree at the time of our review, the issue is currently in the process of being resolved and so there is no conclusion to draw on this test.</p>	<p>At the time of our review, it was not possible to make any recommendations on this area.</p>	
<p>Test 2: Ensure 2018/19 audited financial statements are on the Academy's website.</p>	<p>The Trust's website was viewed on 2 September 2020 and it was seen that the prior year's audited financial statements were available. .</p>	<p>It has been ensured that the 2018/19 audited financial statements are on the Academy's website.</p>	<p>We have no recommendations to make from our review.</p>	
<p>Test 3: Ensure the Board of Trustees meets at least 3 times a year.</p>	<p>Three sets of Board minutes were obtained and as such, it was ensured that the Board meet at least three times a year.</p>	<p>It has been ensured that the Board meet at least three times a year.</p>	<p>We have no recommendations to make from our review.</p>	
<p>Test 4: Ensure skill gaps within the Board are discussed using the DfE's competency framework for governance.</p>	<p>The Board minutes were reviewed, and it was ensured that the skills gaps within the Board are appropriately discussed.</p>	<p>It has been ensured that skills gaps within the Board are appropriately discussed.</p>	<p>We have no recommendations to make from our review.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p>Test 5: Ensure Trustee appointment and resignations are notified to Companies House and Edubase / GIAS.</p> <p>If there has been an appointment or vacating of the role of member, Trustee or local governor, then ensure it has been notified via Edubase / GIAS within 14 days.</p>	<p>Overall, it appears that any appointments/resignations are notified to Companies House and Edubase / GIAS.</p> <p>However, at the time of the review, it was noted that a Trustee who had left on 31 July 2020, had not yet been notified to either Companies House or Edubase / GIAS.</p>	<p>It has been ensured that Trustee appointments and resignations are update to Companies House and Edubase / GIAS. However, this is not always done in a timely manner.</p>	<p>We recommend that all changes to Trustees are notified to Companies House and Edubase / GIAS in a timely manner.</p>	
<p>Test 6: Ensure that decisions regarding the levels of executive pay are following a robust evidence-based process.</p>	<p>The Finance Policy contains a policy for setting executive pay. This was reviewed and it was deemed to be appropriate, considering and evidence-based process.</p> <p>The Scheme of Delegation was reviewed, and it was seen that the Board reviews pay for the CEO, Head Teachers and Deputy Heads. Meanwhile the relevant Head Teachers review pay for individual Academy staff. This has been deemed appropriate.</p>	<p>It has been ensured that the decisions regarding the levels of executive pay are following a robust evidence-based process.</p>	<p>We have no recommendations to make from our review.</p>	
<p>Test 7: Ensure there is a People with Significant Control Register in place that is kept up to date.</p>	<p>There are no Persons with Significant Control according to Companies House. This was confirmed by the client, and as such there is no need to keep a Register.</p>	<p>It is not possible to conclude on this test as there is no need to keep a Persons with Significant Control Register.</p>	<p>At the time of our review, it was not possible to make any recommendations on this area.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p>Test 8: Review the policy for related party and connected party transactions, ensuring it makes reference to the Academies Financial Handbook.</p> <p>If there are any connected party transactions, then ensure that a statement of assurance has been completed and that the goods or services are being provided at cost.</p>	<p>The Finance Policy was reviewed for the related parties' policy. This policy was reviewed, and it was deemed to be appropriate referring to guidelines.</p> <p>There were no related party transactions in the year.</p>	<p>It has been ensured that the related parties' policy is appropriate. There were no related party transactions in the year.</p>	<p>We have no recommendations to make from our review.</p>	
<p>Test 9: Ensure that all committee meetings and the Board of Trustees meetings include a standing item on the agenda for declarations of interest.</p>	<p>The Board minutes were reviewed, and it was ensured that all meetings had a standing item on the agenda for declarations of interest.</p>	<p>It has been ensured that all Board meetings have a standing item on the agenda for declarations of interest.</p>	<p>We have no recommendations to make from our review.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p>Test 10: Ensure a Register of Interests is maintained that covers members, Trustees, local governors and senior employees (KMP). The register should detail the name of the organisation, the nature of the organisation, the nature of the interest and the date the interest began.</p> <p>The Register of members, Trustees, local governors and Accounting Officer MUST be on the website, but discretion over disclosure online of other individuals.</p> <p>Ensure it is a live document that is continually updated as circumstances change.</p>	<p>The Register of Interests for 2020-21 is included on the Trust's website. This was reviewed and it contained interests for all Trustees. However, no Key Management Personnel were included on the document.</p> <p>It was ensured that the document is live as changes have been made to update for a Trustee who recently left at the time of the review.</p>	<p>It has been ensured that a Register of Interests is maintained. However, it does not include KMP.</p> <p>It has also been ensured that the document is regularly updated and maintained.</p>	<p>We recommend that KMP are included on the Register of Interests.</p>	
<p>Test 11: Ensure all gifts and hospitality received is fully declared in the register in line with the Academy's policy.</p>	<p>No gifts have been received in the year.</p>	<p>It is not possible to conclude on this test as no gifts have been received.</p>	<p>At the time of our review, it was not possible to make any recommendations on this area.</p>	