

# Griffin

## Chartered Accountants

### Internal Audit Report

### Learning Academy Partnership (South West)

### Internal Control Framework, Anti-Fraud Framework and Bank Reconciliations

Visit date: 20<sup>th</sup> February 2025  
Issued by: Lucy Harris-Deans



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Learning Academy Partnership (South West)

# 1. Basis of the report

The Academy Trust Handbook requires that all Trusts have a process in place for checking its financial systems, controls, transactions and risks. One of the options laid out for fulfilling this requirement is for the Trust to appoint an internal auditor and it is in this capacity that we are making this report.

## Timetable of work

Griffin will carry out three visits to the Trust in order to fulfil these obligations, one in the Autumn Term, one in the Spring and one during the Summer term.

Over the course of the year our work will cover the following key areas:

- Internal control framework.
- Anti-fraud framework.
- Bank reconciliations.
- Governance and regularity.
- Recruitment and selection.
- Financial budgeting and monitoring.
- Risk management.

Our work will establish the existing systems that the Trust has in place, test whether these systems are being followed and make suggested improvements.

**Work completed 20<sup>th</sup> February 2025**


## Internal control framework, Anti-fraud framework and Bank reconciliations

- Review of financial procedures manual.
- Review of bank reconciliations.
- Segregation of duties.
- Staff expense claims.
- Charge card controls.
- Controls testing on a sample of purchases.
- Tender review process.
- Review process of renewing contracts

## 2. Update on previous findings

Finding		Recommendation	Priority	Management Response
<b>Anti-Fraud Framework</b>				
1.	<p><b>Staff Expense Claims</b></p> <p>The Trust paid for the upgrade of a staff members' personal car insurance to include business use.</p> <p>The 45p per mile paid to staff to cover business miles travelled is intended to take into account the additional costs associated with business use. Therefore, this is not an appropriate use of public funds.</p>	<p>We recommend that going forward the Trust ensures all staff expense claims are an appropriate use of public funds. They should specifically ensure they do not reimburse any staff members for adding business insurance to their policy, as such additional costs are wrapped up in the 45p per mile they receive when travelling anyway.</p> <p><b>Update December 2023:</b> We will provide an update on this point at a future visit when covering 'Anti-fraud framework'.</p> <p><b>Update February 2024:</b> No business insurance reimbursements were identified as part of expense claim testing, However, there was a notable lack of detail on documentation supporting 2 of the staff claims tested. This makes it unclear as to the nature of the purchase. Therefore, the recommendation has changed.</p>	<p><b>G</b></p> <p>↓</p> <p>✓</p>	<p><b>Management Response June 2023:</b> Agreed. The total paid for upgrading staff members insurances to cover business use was £61.06, for two members of staff. We are in the process of recouping these amounts from both staff members.</p> <p>Going forwards the Trust will not offer to cover the upgraded cost, in any circumstances.</p> <p><b>Management Response Feb 2024:</b> Agreed. The lack of detail regarding mileage claims was internally identified at the beginning of January. We have since circulated an updated document stressing the importance of specifying the origin and destination of travel. Line managers have been instructed to approve claims only if this information is provided.</p>

		<p>We acknowledge that the academy has already implemented stricter procedures when approving expense claims, allowing claims to be rejected without sufficient supporting receipts. We would also suggest that any additional narrative provided by the claimant be documented on the claim to support the reason for reimbursement.</p> <p><b>Update June 2024:</b> We will provide an update on this point at a future visit when covering 'staff expenses'.</p> <p><b>Update December 2024:</b> We will provide an update on this point at a future visit when covering 'staff expenses'.</p> <p><b>Update February 2025:</b> A sample of ten staff expense claims were tested. All claims had supporting documents, such as receipts, invoices or mileage figures. Each staff expense form had sufficient details as to the reason for the expense, including postcodes when claiming for mileage. Therefore, this point has now been cleared.</p>		<p>For expenses not processed through payroll, the Operational Finance Lead will now also authorise claims, as well as budget holders/line managers. This adjustment will ensure that all claims are fully compliant and include the necessary detail before processing. Line managers have also been reminded about their responsibilities to review receipts.</p>
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2.	<p><b>Lack of IT/cyber security risks</b></p> <p>The risk register has few cyber security risks. Whilst additional risks are included on their Digital Standards Review form, the likelihood and impact of each risk has not been assessed by the Trustees or linked to the risk register.</p>	<p>It is recommended that the risks on the Digital Standards Review are incorporated into the risk register. This could be achieved by giving a RAG rating to the risks within the review or referencing the information in the Digital Standards Review within the risk register. This will ensure that these additional risks are reviewed alongside the register on an annual basis.</p> <p><b>Update December 2024:</b> The academy has implemented a strategy to add a RAG rating to the risks within the Digital Standards Review, to ensure the academy have sufficient cyber security risks. This has yet to be implemented, so will be tested again at a future audit.</p> <p><b>Update February 2025:</b> During the audit, it was confirmed that the Digital Standards meeting with IT providers (Computeam) has been scheduled for later this term, so an update will be provided at the next internal audit.</p>		<p><b>Management Response June 2024:</b> The Digital Standards Review document will be updated in the Autumn term to reflect any changes that have occurred, including the addition of new schools that have joined the Trust. As per the recommendation we will RAG rate each standard and will reference the document on the Trust risk register.</p> <p><b>Management Response December 2024:</b> The Trust is working in partnership with their IT partner to review the DFE Digital Standards. These have been RAG rated and will be added to the Trust risk register in January 2025.</p>
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### 3. Work completed

	Work completed	Result	Conclusion
<b>Internal Control Framework, Anti-Fraud Framework and Bank Reconciliations</b>			
1.	<b>Review financial procedures manual</b>  We obtained a copy of the academy's financial procedures manual and reviewed the following key areas: <ul style="list-style-type: none"> <li>- Segregation of duties.</li> <li>- Scheme of delegation limits.</li> <li>- Budget holders and their spend limits.</li> <li>- Purchases and payments procedure.</li> <li>- Tendering process.</li> <li>- Process for changing supplier bank details.</li> </ul>	<p>The financial policy is comprehensive and clearly addresses key processes in separate sections throughout the report.</p> <p>In a separate financial scheme of delegation document, order limits are clearly detailed with an easy-to-follow table detailing the delegated duty and those authorised to carry out the transaction, and this is referenced throughout the finance policy.</p> <p>There is also evidence of budget holder list being regularly reviewed and updated.</p>	No issues to note.

2.	<p><b>Substantive testing of purchases</b></p> <p>A sample of purchases were selected at random from the system and traced through to ensure the financial procedures and key controls were being applied in accordance with our understanding. This included:</p> <ul style="list-style-type: none"> <li>– Ensured that a requisition form was completed and authorised as required by finance policy.</li> <li>– Ensured a signed purchase order was in place for each transaction.</li> <li>– Confirmation that the purchase order had been signed off and the budget holder is acting within their purchasing limits.</li> <li>– Confirm the purchase is within budget.</li> <li>– Ensured the purchase is appropriate having regard to value for money and regularity.</li> <li>– Agreed to supplier invoice.</li> <li>– Confirmation VAT treatment is correct.</li> </ul> <p>Confirm BACS run authorisation appropriate and in line with financial procedures.</p>	<p>From the sample of purchases tested, purchase orders existed for all expenditure and were authorised by the appropriate budget holders in line with scheme of delegation.</p> <p>Requisition forms had also been correctly completed and authorised for non-central purchases.</p> <p>The purchases tested had supporting invoices that agreed to the net and VAT totals posted in the accounting software and were appropriate for the education of children.</p> <p>The BACs run had been completed and reviewed in line with the finance policy. Additional checks have also been performed on preliminary payroll runs before being set up as a BACs payment. Where required, BACs runs were authorised by two bank signatories.</p>	<p>No issues to note.</p>
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3.	<p><b>Tendering and procurement procedures</b></p> <p>The tendering and procurement process was reviewed as part of the work on the financial procedures' manual. A sample of larger expenditure items were then tested to ensure that the tendering process was being effectively put into practice.</p>	<p>For three out of the five purchases tested, the correct number of quotes had been obtained the tender process had been conducted in line with the Trust's finance policy. Alternative methods were used for the other two purchases, due to the unique and urgent nature of the expenditure. These methods were clearly documented and showed consideration of value for money in line with the Trust's policies. Therefore, the tendering and procurement process has been reviewed in each instance to ensure value for money is being carefully considered.</p>	<p>No issues to note.</p>
4.	<p><b>Bank reconciliation</b></p> <p>Two months were selected at random, and the bank reconciliations were reviewed to confirm:</p> <ul style="list-style-type: none"> <li>- The reconciliation has been completed.</li> <li>- There are no old items that need investigating.</li> <li>- There is evidence of the reconciliation being reviewed.</li> </ul>	<p>The September 2024 and January 2025 bank reconciliations were reviewed. There were no reconciling items outstanding, and both reconciliations agreed to corresponding bank statements.</p> <p>Both bank reconciliations had been prepared and reviewed by different members of the finance team, in line with the finance policy.</p>	<p>No issues to note.</p>







5.	<b>Segregation of duties</b>  Reviewed the access of different staff members to the academies financial system, as well as the authorisation levels with respect to bank payments.	No Trust employees have been identified as being able to carry out all stages of the purchase process. Whilst the CFO and Finance Lead can authorise most parts of the process, they have restricted access to purchase orders, and are not able to both run and authorise BACs runs, ensuring that there remains a segregation of duties for all transactions.	No issues to note.
6.	<b>Staff expense claims</b>  A sample of staff expense claims, five that were reimbursed directly and five mileage claims refunded via payroll, were reviewed to ensure: <ul style="list-style-type: none"> <li>- the academy's financial procedures are being followed.</li> <li>- Claims are within budget and appropriately authorised.</li> <li>- Expenditure is appropriate.</li> <li>- There is sufficient supporting documentation.</li> </ul>	<p>A sample of ten staff expense claims were tested. Each one had been authorised by the appropriate budget holder and were for educating children or were for additional services provided to the school.</p> <p>For each mileage claim, an online form was completed with clear details about the length of their journey and purpose for travelling. The expenses that were directly reimbursed all had sufficient supporting documentation and were purchased in line with the academy's finance policy.</p>	See update on point 1 in section 2.

7.	<p><b>Charge cards</b></p> <p>We obtained a list of the academy's charge card holders and reviewed a sample of charge card transactions to ensure that expenditure is in line with academic purposes.</p>	<p>All budget holders have a charge card. This includes, Heads of School, department managers, and the CEO. Credit limits are included in the finance policy.</p> <p>From the sample selected, purchase forms for charge card expenditure had been completed and authorised in line with the scheme of delegation. All tested expenditure was for educational purchases and agreed to supporting invoices.</p>	No issues to note.
8.	<p><b>Service contracts</b></p> <p>We took a sample of service contracts that were renewed in the year and reviewed the procurement process to ensure that sufficient documentation and tendering information had been acquired in line with Trust's finance policy.</p>	<p>We took a sample of three service contracts that had been renewed in the year. In all instances, suppliers were approached in line with the Trust's finance policy, and quotes were reviewed before any decisions were finalised. For the sample tested, there was evidence that value for money had been considered and documented throughout the process.</p>	No issues to note.

## 4. Recommendations

From our testing of the systems and controls around the response to internal control framework and anti-fraud procedures, we have not identified any recommendations. This is testament to the Trust Operational Finance Lead and his team.

### Report Priority rating

	Fundamental findings that need the immediate attention of management
	Important findings that require management attention, but are not fundamental in nature
	Minor issues that can be improved or administrative errors that require correcting
	The issue has been resolved

