

## Internal Scrutiny Report 2021 /22

The Academy Trust Handbook (ATH) requires all Trusts to have a programme of internal scrutiny to provide independent assurance to the Board that its financial and non-financial controls and risk management procedures are operated effectively. The ATH states that Trusts must submit an annual internal scrutiny report alongside our annual financial accounts to the ESFA / DFE. This report includes areas reviewed, key findings, recommendations, and conclusions for the academic year 2021 /22.

### Introduction

The ATH provides four options for Trusts to conduct internal scrutiny, these include:

- Employing an in-house internal auditor
- A bought in internal audit service from a firm, other organisation or individual with professional indemnity insurance.
- The appointment of a non-employed Trustee.
- A peer review performed by the CFO, from another academy trust.

In 2021 /22 BDAT used a combination of methods for the delivery of internal scrutiny:

1. Reciprocal Financial peer review from the Chief Financial Officer of Beckfoot Trust (a local Trust of similar context and size)
2. Bought in external services in areas of specialism e.g., HR, Safeguarding, Education and Governance
3. In house internal audit in areas where the central team holds expertise e.g., health and safety, website compliance

The combination of methods, utilising both in house expertise and external individuals and organisations are detailed in **Appendix 1**.

**Appendix 2** details the area of focus and outcomes from 2020 / 21 Internal Scrutiny activity.

### BDAT Audit Committee

The Audit Committee is a sub-committee of the main Board of Trustees. The Chair is Mr Stephen Emsley (Trustee). This committee is commissioned to meet three times a year, from 1 September 2021 to 31 August 2022, to review all quality assurance, financial internal audit, external audit processes, health, and safety, safeguarding. The Trust Board agree the Terms of reference and membership for the committee annually. A full summary of areas is provided below. The committee receives an internal scrutiny report to summarise the work that has been completed throughout the year.

The Audit committee consists of three Trustees, and an independent member with the relevant skills and expertise. The Accounting Officer, Chief Financial Officer and Director of Corporate Affairs attend to provide information and participate in discussions. Other School and Trust leaders attend upon invitation. This reflects the ESFA regulations and best practice.

The internal scrutiny scheme of work is driven and agreed by the committee and informed by the risk register of the Trust. Internal scrutiny reports on each area are identified in the audit plan, including recommendations where relevant to enhance financial and non-financial controls and risk management are presented at each meeting.

**Appendix Three**, describes the summary of risks reviewed by the Audit committee as part of the Audit plan. This provides the key findings and recommendations for each of the risks reviewed.

### **Risk Management**

A full review of the Trust's risk register was completed in August 2022 as per the process detailed in the Trust's Risk Management policy. There are 22 risks on the risk register of which 16 are Green and six are Amber. These will inform the Audit and Risk committees priorities for 2022 / 23. The Trust Board will also continue to review risks three times per year as per the Trust's Risk Management policy.

### **Recommendations**

To refine our internal scrutiny, process the following recommendations have been made:

1. To ensure that all risks are covered the audit committee meeting will focus on the following area of risk to ensure that all areas are covered across the year. As with last year the meetings are themed to ensure that areas are covered in one meeting, allowing for increased depth of scrutiny and to prevent duplication.

<b>December</b>	<b>April</b>	<b>July</b>
<i>Compliance / Finance</i>	<i>Operations</i>	<i>Finance / Strategic Growth</i>
<ul style="list-style-type: none"> <li>• Recruitment and Retention</li> <li>• Online Recruitment Checks</li> <li>• Policy and Regulation Compliance</li> <li>• Estates</li> <li>• Health and Safety</li> <li>• Cyber Compliance</li> <li>• Website Compliance</li> <li>• Statutory Accounts</li> <li>• Annual Report and Financial Statement</li> <li>• External Audit Key findings report</li> <li>• Internal Scrutiny Report</li> </ul>	<ul style="list-style-type: none"> <li>• Business Continuity Planning</li> <li>• Governance and Accountability</li> <li>• Governance Recruitment and Retention</li> <li>• Safeguarding</li> <li>• Digital Migration of new schools</li> <li>• GDPR</li> <li>• HR</li> <li>• Culture</li> <li>• Internal Audit Review</li> </ul>	<ul style="list-style-type: none"> <li>• Pupil Numbers</li> <li>• Admissions</li> <li>• Financial Sustainability</li> <li>• Pension Deficit</li> <li>• Financial Mismanagement</li> <li>• High Value Contracts</li> <li>• Trust Growth</li> <li>• Onboarding of new Academies</li> </ul>

2. Internal and external audit plan to be shared with Trustees and updated annually.

**Conclusion**

The purpose of internal scrutiny is to provide the Board and the ESFA assurance that the Trust's system of internal control is effective and contributes to strong governance, risk management and control arrangements in the Trust. BDAT uses a number of methods to ensure that internal scrutiny delivers this quality assurance, with the audit plan being driven and agreed by the audit committee and informed by the Trust risk register. The meetings are professionally clerked, and the minutes shared with the full board of Trustees.

## Appendix One: Methods used for conducting Internal Scrutiny

### *Financial peer review*

Conducted as a reciprocal arrangement with Beckfoot Academy Trust. This involves both Trust finance teams and is led by the two Chief Financial Officers of the Trust.

### *Bought in external audit services commissioned through*

- **Human Resources** – Fusion
- **Safeguarding** – Navigate
- **Compliance** – Every
- **Governance** – Gail Khan Associates

### *In house internal audit through the central MAT*

- **Academy Website Compliance** – Internal – Governance and Compliance Officers
- **Health and Safety**- Internal – Head of Estates and Environment

Appendix Two: 2020 / 21 RAG report and outcomes

Date of Meeting	Area of Scrutiny	Key Findings and Recommendations	RAG 23/6/22	Comment	Review Date
11 <sup>th</sup> December 2020	Trust Estates	<b>Key Findings:</b> The School estate is reviewed monthly against statutory duties. There was a concern at one school which has the highest number of reds. <b>Recommendations:</b> Estates and Health and Safety Manager to work closely with the SBM to improve the amount of red.		Estates and Health and Safety Manager reviews the estate regularly and has worked with the SBM's to reduce the number of reds. This is an ongoing process and will be reviewed following the appointment of a new Estates and Health and Safety Manager.	Complete
	School Conditions Allocation (SCA)	<b>Key Findings:</b> The information provided on SCA bids did not include the reasons for unsuccessful bids. <b>Recommendations:</b> Provide further detail to the Audit Committee and schools on the unsuccessful SCA bids to understand the reasons behind this.		This was completed and was included in the December Audit meeting.	Complete
	Health and Safety	<b>Key Findings:</b> The Health and Safety Management Audits for two schools had not been completed at 11.12.21. These will take place remotely before 15 <sup>th</sup> December. <b>Recommendations:</b> No recommendations, the Health and Safety Management Audits whilst delayed due to the pandemic still took place.			Complete
	Compliance Dashboard (Safeguarding and HR)	<b>Key Findings:</b> At this stage safeguarding audits were green with HR Audits due to take place. <b>Recommendations:</b> No recommendations.			Complete

	GDPR Update	<p><b>Key Findings:</b> There had been two reportable breaches, ICO had been contacted and no further action was needed.</p> <p><b>Recommendations:</b> Continue to follow the Trusts policies and procedures.</p>		The Trust has a GDPR log that is updated when breaches are reported.	Ongoing
	SCR Update	<p><b>Key Findings:</b> The SCR is updated regularly.</p> <p><b>Recommendations:</b> Chair of Audit Committee to review the SCR.</p>		21 /22 check to be completed	Complete
	Internal Scrutiny and Audit plan	<p><b>Key Findings:</b> Trustees agreed to the audit plan and for the report to be published and submitted to the ESFA</p> <p><b>Recommendations:</b> No recommendations</p>			Complete
	External Audit Key findings report	<p><b>Key Findings:</b> 1. Disclosure of related party transactions. 2. Declarations of interest from Directors and Senior staff members. 3. Internal Audit peer reviews minor procedural points raised.</p> <p><b>Recommendations</b></p> <ol style="list-style-type: none"> <li>1. Further work to be completed to understand to ensure that Related party transactions are in line with ESFA guidance.</li> <li>2. Head of Corporate Governance to review this and ensure they are accurate and up to date.</li> <li>3. The rolling programme of internal audit / scrutiny work is continued and reported in line with the ATH.</li> </ol>		AR has completed this activity. The HOCG completes regular checks on declarations of interest and discusses with AR.	Complete
23rd April 2021	HR	<p><b>Key Findings:</b> Accuracy of restructure costs to be reviewed at school level.</p> <p><b>Recommendations:</b> Restructure training for Business Managers to include pension and additional costs. The Trust CFO to be included in the process earlier.</p>		AR has been involved at an earlier stage of restructure process and has reviewed to understand any pension constraints / additional costs.	Complete

	Recruitment and Retention	<p><b>Key Findings:</b> Recruitment and Retention data is provided to the board every September.</p> <p><b>Recommendations:</b> To have further knowledge of the recruitment stage data for colleagues.</p>		This is work in progress.	Complete
	Culture	<p><b>Key Findings:</b> Scrutiny provided on the questions used in the staff survey.</p> <p><b>Recommendations:</b> No recommendations.</p>			Complete
	Digital Strategy	<p><b>Key Findings:</b> Digital Strategy is a large project that impacts all schools in the Trust.</p> <p><b>Recommendations:</b> The digital strategy to be added to LGB agendas for governors to scrutinise at local level.</p>		The digital strategy is included in the LGB agendas and this is scrutinised at local level.	Complete
	Safeguarding	<p><b>Key Findings:</b> Safeguarding audits reflect what is expected by Ofsted.</p> <p><b>Recommendations:</b> Continue to use Navigate for safeguarding audits and look into peer to peer audits as an additional check.</p>		The Navigate safeguarding and peer to peer audits take place. The Primary Director and the Secondary Director are working more closely with Navigate to ensure the audits and checking the correct areas.	Complete
	Management Information	<p><b>Key Findings:</b> A review of the finance management information systems that are used.</p> <p><b>Recommendations:</b> No recommendations</p>			Complete
	Governance	<p><b>Key Findings:</b> There is a need to understand governor diversity across the Trust.</p> <p><b>Recommendations:</b> Complete an exercise to understand demographics of governors across the Trust,</p>		CB completed a Governor monitoring exercise and this was presented to the board.	Complete
	Business Continuity Plans	<p><b>Key Findings:</b> The Business Continuity plan does not include information should there be a data breach through a cyber attack.</p>		Recent appointment of Marc Burrows, Head of Estates and Environment. Business Continuity reports will be reviewed as part of the 2022 / 23 operational plan.	Complete

		<b>Recommendations:</b> Business Continuity plan to be updated and review the cyber essential plus accreditation through the digital strategy.			
	Internal Audit review	<b>Key Findings:</b> Audits held remotely due to the pandemic and the schools had been identified on a risk basis. Process agreed with the external auditors. <b>Recommendations:</b> Look at a third Trust to complete the Peer audits.		There are potentially two Trusts being considered.	Ongoing
6 <sup>th</sup> August 2021	Internal Audit Report	<b>Key Findings:</b> Fixed asset checking is 60% compliant. <b>Recommendations:</b> Training for School Business Managers to take place September 2021.		AR has completed the training in September. The Trust is now 87% compliant. There is still work to do on this.	Training Completed Ongoing
	Management Accounts and Forecasting	<b>Key Findings:</b> Management accounts are produced monthly, and reviewed a minimum of six times per year through the Finance and resource committee. <b>Recommendations:</b> No recommendations.			
	Budgeting	<b>Key Findings:</b> Scrutiny of the budgets is provided by Trustees at FARC. <b>Recommendations:</b> Commission an independent Governance review to look at areas of duplication at LGB and Trust Level.		The governance review has taken place and the action plan has been reviewed at the Trust board meeting on the 31.3.22. Following Trustee feedback CB and AR will produce a communication and action plan to present to Trustees in October 2022.	December 2022
	Finance Process and Procedures	<b>Key Findings:</b> Procedures and processes were reviewed, including scheme of delegation, procurement <b>Recommendations:</b> Commission an independent Governance review to look at areas of duplication at LGB and Trust Level.		The governance review has taken place and the action plan has been reviewed at the Trust board meeting on the 31.3.22. Following Trustee feedback CB and AR will produce a communication and action plan to present to Trustees in October 2022.	December 2022



	Fraud Prevention	<p><b>Key Findings:</b> Fraud prevention is incorporated into all training sessions, finance meetings and headteacher meetings to raise awareness. Fraudulent emails and texts have increased this year with finance team now able to deal with this. Order process in schools to be refreshed with Headteachers.</p> <p><b>Recommendations:</b> Headteacher refresher training of the order process in schools.</p>		Training has been completed with all Headteachers and they have signed to say they have completed the training.	Complete
	Related Parties	<p><b>Key Findings:</b> Additional scrutiny had taken place mid-year and a review completed of the supplier list. Training for Governors and Trustees take place on the declarations of interest.</p> <p><b>Recommendations:</b> No recommendations</p>			Complete
	Terms of reference	<p><b>Key Findings:</b> The terms of reference were updated annually in line with ATH and ESFA updates.</p> <p><b>Recommendations:</b> No recommendations.</p>			Complete

**Appendix Three: Summary of areas reviewed by the Audit Committee in 2021 / 22**

Date of Meeting	Area of Scrutiny	Key Findings and Recommendations
10 <sup>th</sup> December 2021	Safeguarding	<b>Key Findings:</b> Safeguarding audit showed that all schools were green with the exception of CCA who received minor recommendations, an action plan was agreed with school and monitored through to full implementation. 2022 external audits were planned. Navigate (external auditor contract due to end Spring 2023). <b>Recommendations:</b> Review the tender process in line with the end of the contract
	Website Compliance	<b>Key Findings:</b> There was no red school through internal audit. <b>Recommendations:</b> Continue with the Website Audits twice per term.
	Information Security	<b>Key Findings:</b> Two schools were Amber due to having to back up system offsite. <b>Recommendations:</b> Following migration to OLC this has been resolved.
	GDPR	<b>Key Findings:</b> There had been five minor breaches across different schools, these are low level and non-reportable. <b>Recommendations:</b> Ensure the breach log is kept up to date.
	Single Central Record	<b>Key Findings:</b> Each school had provided their SCRs termly. All have been reviewed and returned to school. <b>Recommendations:</b> A review of the current QA process for schools SCR and also the Chair of Audit committee to complete a review of the Trusts SCR.
	Trust Estates report	<b>Key Findings:</b> The Trust was 94.6% compliant compared to 60% across the Education sector. Rarely schools sometimes pay invoices before they receive the paperwork. <b>Recommendations:</b> To look at paying invoices following the receipt of the paperwork for works completed and further training implemented.
	SCA	<b>Key Findings:</b> Update on the successful bids for SCA, the majority approved due to safeguarding or Health and safety need. <b>Recommendations:</b> No further action, although the SCA policy is scheduled to be reviewed in Autumn 2022.
	Health and Safety	<b>Key Findings:</b> All schools have had a Health and Safety Audit. Support is being provided to BFA in the short term absence of a Site Manager.

		<b>Recommendations:</b> Continue the support at BFA until staff capacity is resolved.
	Annual Report and Financial statement	<b>Key Findings:</b> A meeting had taken place with the external auditor to agree the process for the Audit. The Audit Committee met with the External Auditors in September. The audit lasted for two weeks; a close meeting took place with a final report being produced. Fixed assets were a focus and how they are procured and the framework agreements. <b>Recommendations:</b> Internal Audit to focus on fixed assets.
	External Audit Key Findings	<b>Key Findings:</b> The audit had been a good process, with a good set of results and financial statements. The points identified in the report have been recognised and there are plans in place to address them. <b>Recommendations:</b> Ensure that the key themes are addressed within the report.
	Procurement	<b>Key Findings:</b> An investigation was taking place on a post year procurement issue in the Trust. <b>Recommendations:</b> Investigation outcome to be presented to the CEO and Trust Board as part of the Auditors findings.
8 <sup>th</sup> April 2022	Safeguarding Action plan	<b>Key Findings:</b> A thorough review of the External Audits had taken place and changes made to make them more effective and challenging. Future reviews and a new central structure for Safeguarding is being considered. <b>Recommendations:</b> Ensure Safeguarding Governors are aware of the updated reports and questioning for schools. The Trust is looking to appoint a Head of Safeguarding using TCAF who will complete audits in the first year.
	BDAT People and HR-MOU with Carlton	<b>Key Findings:</b> This is an extension of the MOU signed with Gorse SCITT it is a post Graduate route, colleagues receive QTS and a PGCE. BDAT is the Bradford arm of the Gorse SCITT and is responsible for recruitment and training. Gorse are the accrediting body, who carry the financial and Ofsted risk. <b>Recommendations:</b> No recommendations at this stage.
	HR Tender	<b>Key Findings:</b> Invitation to tender had taken place with a 4-week clarification stage. Five applications had been received. Interviews taking place. Plan B would be to extend the current contract should no one be successful. <b>Recommendations:</b> No further action at this stage. A HR Partner was appointed in the Summer.
	Cyber Essentials	<b>Key Findings:</b> Following migration to the Digital Strategy, OLC will complete all internal checks in the first year. This is not a requirement of the RPA. <b>Recommendations:</b> Actively encourage schools to work toward Cyber compliance.
	Business Continuity Plans	<b>Key Findings:</b> Ensuring consistency across schools with regards to Business Continuity plans and ensuring this is a live document.

		<b>Recommendations:</b> Continue to work on Business continuity plans to ensure consistency across the Trust and schools are aware of the Trust approach.
	GDPR	<b>Key Findings:</b> GDPR policy has been updated. There is a Data Protection Officer (DPO) and Deputy DPO in place. 10 data breaches one of which is reportable to the ICO. A flow chart has been created and shared with schools, there is confidence schools know the process for reporting breaches. <b>Recommendations:</b> Continue with refresher training for the schools who have had breaches.
	Governance Review Action plan	<b>Key Findings:</b> The external governance review was completed between October to December 2021. An operational action plan was produced, and Trustees asked to consider strategic questions. <b>Recommendations:</b> Communication of the review through a working group with Governors and Trustees following Trustees responses to the questions. Implementation of core recommendations.
	Management Accounts	<b>Key Findings:</b> Management accounts are scrutinised centrally, presented to the FARC, and send to Chair of FARC and Chair of Trust board monthly then sign off by CEO. This is compliant with the ATH. <b>Recommendations:</b> No further action.
	BFR 21/22	<b>Key Findings:</b> The process starts in February, there are trust wide assumptions. Schools have to provide a balanced position, if they are unable to do this, they need to provide a plan for a restructure of deficit that would go to the FARC. The trust is compliant with the process. <b>Recommendations:</b> To reduce duplication of work, the assumptions paper will go to the Governance professional also.
	Annual Report	<b>Key Findings:</b> The report is the close of the year end. The process starts in April with the Academy Accounts Direction, training takes place with SBMs. A workbook is completed which goes to the Auditor for scrutiny. The report goes to FARC and Board for approval this is then sent to the ESFA by December. <b>Recommendations:</b> No further action.
	School Resource Management Questionnaire	<b>Key Findings:</b> BDAT is fully compliant with the School Resource Management Questionnaire, responses to questions have been incorporated to make them more robust. <b>Recommendations:</b> No further action.
	Finance Process	<b>Key Findings:</b> The finance policy is compliant with the ATH. This is reviewed in the internal and external audit. Consideration to conflicts of interest with SBM/Headteacher should be given if they have family working in the same school with regards to pay rises. A serious policy breach last year.

		<b>Recommendations:</b> To review the current process and checking systems in place with regards to conflict of interest. Continue with the robust process for procurement.
1 <sup>st</sup> July 2022	Internal Audit	<b>Key Findings:</b> There are 2 high risk areas regarding credit cards and the segregation of duties. <b>Recommendations:</b> Ensure that systems and procedures around credit cards and segregation of duties are followed.
		<b>Key Findings:</b> Some schools are unable to evidence the Gifts and Hospitality register. <b>Recommendations:</b> Further investigation is needed on this. Ensure new SBM's are aware of the Gifts and Hospitality register.
		<b>Key Findings:</b> Fixed asset compliance has increased since the previous year. Digital assets register need updating following the migration to OLC. <b>Recommendations:</b> Review the digital assets file with OLC.
	Staff Profile	<b>Key Findings:</b> The response rate for the Staff Survey needed to improve. <b>Recommendations:</b> Director of Career and Professional Development to link with New College to understand what they do differently to increase response rate.
	GDPR	<b>Key Findings:</b> There is a lack of knowledge and understanding of Data Protection Impact Assessments DPIA's. <b>Recommendations:</b> Create a central process for DPIA's and share with schools
	Procurement PPN Communications	<b>Key Findings:</b> A new PPN has been published which sets out guidance regarding organisations ceasing contracts with Russian providers. There is one contract in the Trust with Gazprom at one School. There is no way to sever the contract it will be reviewed when the contract has finished. <b>Recommendations:</b> Add to the risk register