



**Annual Internal Audit Summary Report  
Academic Year 2022/23  
Confidential**

**Pewsey Vale School**

**Report publication date: October 2023**

## Executive Summary

### Introduction:

The Academies Financial Handbook requires Academy Trusts to submit to the ESFA an annual summary of the findings and conclusions from their existing programme of internal scrutiny by the 31<sup>st</sup> December each year. This annual summary report covers the academic year 1<sup>st</sup> September 2022 – 31<sup>st</sup> August 2023 (22/23).

### Background and Context:

Pewsey Vale School is a co-educational Stand-Alone Academy Trust located in Pewsey, Wiltshire. As per the School's Financial Benchmarking data, the Academy currently provides for 353 pupils aged 11-16.

Pewsey Vale School have chosen One West to provide assurance over the Academy's financial control and governance arrangements as part of a three-year contract, covering the period 01/09/2022 – 31/08/2025. Through undertaking this duty, One West have independently checked an agreed range of controls, systems, transactions, and governance processes on behalf of the Academy to give confidence that:

- the financial responsibilities of the governing body are being properly discharged.
- resources are being managed in an efficient, economical, and effective manner.
- sound systems of internal financial control are being maintained.
- financial considerations are fully taken into account in reaching decisions.

In order to provide assurance over the Academy's financial control and governance arrangements for 2022/23, One West completed reviews with the Academy over three dates:

- **30<sup>th</sup> March 2023** – Governance
- **23<sup>rd</sup> May 2023** – HR & Payroll
- **20<sup>th</sup> July 2023** – Budgetary Control

There was a total of **twelve audit recommendations** across the three visits, no recommendations were from high risk audit findings, eight recommendations were from medium risk audit findings and four recommendations were from low-risk findings. Three opportunities\* were also raised for consideration.

\*Opportunities are not considered as weaknesses; they are observations that could potentially enhance the current internal control framework in place.

The overall opinion on the entirety of the scrutiny programmes for Pewsey Vale School is **Level 4 – Substantial Assurance**.

**Audit Opinion:**

Assurance Rating	Opinion
<b>Level 5 – Full Assurance</b>	The systems of internal control are excellent with a number of strengths, no weaknesses have been identified and full assurance can be provided over all the areas detailed in the Assurance Summary.
<b>Level 4 – Substantial Assurance</b>	<b>The systems of internal control are good with a number of strengths evident and substantial assurance can be provided as detailed within the Assurance Summary.</b>
<b>Level 3 – Reasonable Assurance</b>	The systems of internal control are satisfactory and reasonable assurance can be provided. However, there are a number of areas detailed in the Assurance Summary which require improvement and specific recommendations are detailed in the Action Plan.
<b>Level 2 – Limited Assurance</b>	The systems of internal control are weak and only limited assurance can be provided over the areas detailed in the Assurance Summary. Prompt action is necessary to improve the current situation and reduce the levels of risk exposure.
<b>Level 1 – No Assurance</b>	The systems of internal control are poor, no assurance can be provided and there are fundamental weaknesses in the areas detailed in the Assurance Summary. Urgent action is necessary to reduce the high levels of risk exposure.

For each audit undertaken, each area of review had key control objectives. They were assessed according to the audit findings and were then allocated a level of overall effectiveness, **see Appendix 1**.

The Academy has proactively engaged throughout the audits and responded positively to each of the recommendations raised.

### Summary of Findings:

The audits completed, and final reports provided in 2022/23 detail the recommendations for each area and include the Academy's comments and proposed implementation plan in response to these findings and recommendations. One West have reviewed the implementation plans and based on the responses provided by the Academy are confident that the actions agreed will mitigate any potential ongoing risk exposure. Below is a summary of the audits and the key strengths and weaknesses identified:

#### 1. Governance:

##### Strengths:

###### Governing Body / Committees

- The Terms of Reference for the Finance & Audit Committee and Facilities (now merged as the Finance & Facilities Committee) committee are included as Appendix B in the School's Financial Manual.
- The allocation of responsibility, detailed within the Constitution and Terms of Reference and the Scheme of Delegation are reasonable given the role of the Committee.
- The school has established a Finance & Facilities Committee, which provides assurance to the board over the suitability of, and compliance with, its financial systems and operational controls, and to ensure that risks are being adequately identified and managed.
- The school's website explains the structure and remit of the Governing Body and of each of the committees. Also detailed are the names of each of the governors, their responsibilities and which committee they are chair of (if any).
- Both the Full Governing Body and the Finance & Facilities committee meet 6 times a year and all meetings reviewed for 22/23 were quorate.
- The Internal Audit Programme and reports are reviewed and discussed at the Finance & Facilities Committee meetings along with regular monitoring of actions. Review of the Notes to Accompany Finance and Premises Reports showed the following information provided to Governors regarding upcoming audits.
- Declarations of Business Interests are completed by Governors, members of the Senior Leadership Team and the Business Manager.
- The school website shows the Terms of Office (including Declaration of Business and Pecuniary Interests) for all trustees.
- Review of the school's website showed that the Governing Body details / terms of office are available for 2021/22.
- The Auditor reviewed 'Get Information About Schools' and can confirm that it is maintained and kept up to date.

###### Financial Information

- Comprehensive minutes are prepared for the Full Governing Body and the Finance & Facilities Committee, which clearly capture the key discussions, actions, and decisions. In particular it was noted that there was substantial discussion and robust challenge regarding financial matters.

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- All minutes of the Full Governing Body and the Finance & Facilities Committee were noted as being agreed as a true record.
- It can be confirmed from review of the minutes that there were quorate numbers of Governors attending the meetings to sufficiently allow necessary decisions to be made.
- Comprehensive, clear, and understandable financial reports are provided to Finance & Facilities committee members with the agenda prior to each meeting. The school also maintains a Governors' SharePoint portal where the reports are available.
- The accounts provided to the Finance & Facilities Committee include budget monitoring, actual expenditure vs budget and year-end forecast position, as well as notes for any major variances. In addition, the Finance report provides detailed commentary on notable income and expenditure items. All of the meeting minutes reviewed record agenda item and discussion on budget monitoring.
- KPIs are included in the Income and Expenditure Report which is processed monthly and shared with the Governors. Additionally, the school has received their Kreston Benchmarking data, and this will be shared with Governors at the next Finance & Facilities meeting, in order to assist with setting new KPI's.
- The school has an IT 5-year plan in place which has been recently reviewed and will be reflected in the budget for Sept 2023-24.
- The Annual Report and Financial Statements for the years ending Aug 2017, Aug 2018, Aug 2019, Aug 2020, Aug 2021, and Aug 2022, are available on the school's website.

### Policies

- The Financial Manual is comprehensive and outlines the roles and responsibilities of the Governing Body and key personnel and outlines the financial processes and internal control arrangements.
- Review of the Purchasing section of the Financial Manual established that the allocation of responsibility is appropriate and reasonable.
- The Whistleblowing Policy is approved as part of the Staff Handbook and is provided to staff as part of the induction process. There is also a copy available on the staff board in the staffroom and the school has their policies available to staff via online SharePoint.
- The school has a Cash Investment Policy in place.  
Review of the Minutes of the Finance & Facilities Committee meeting held on 7th March 2023 showed that the policy was considered and recommended to be taken forward to the FGB for ratification. The Business Manager added that the policy was ratified at the FGB meeting held on w/c 20/03/2023.
- The Business Manager is appropriately qualified and has necessary relevant qualifications and experience to enable her to carry out the role.

### Risk Management

- The school maintains a comprehensive Risk Register which covers its' strategic, operational, and financial risks, it also includes contingency and business continuity planning.
- The school has arranged insurance through the Department for Education's 'Risk Protection Arrangement' (RPA) and the current certificate was provided to the Auditor.

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### Weaknesses:

- Discussion regarding the risk register was not found in the minutes reviewed for the Finance & Facilities Committee and only once by the Full Governing Body in the last year.
- The Financial Manual has not been reviewed since 2019/20.
- Review of the Terms of Reference for the Finance & Audit Committee and Facilities (now merged as the Finance & Facilities Committee) committee in Appendix B in the School's Financial Manual did not include a requirement for governors to have appropriate financial training / knowledge.
- The most recent Governors' skills audit was completed in November 2020. There were also two Governors who were in position at the time of the last skills audit who did not complete the exercise.
- The Terms of Office for Governors (including Declaration of Business Interests) available on the school's website is not for the current academic year.
- Review of the Annual Governance Statement, Articles of Association and Trustees' Report in the Annual Accounts for 20/21 did not find reference to the 'Seven Principles of Public Life'.
- The monthly management accounts are not signed off by the chair of Governors.

## 2. HR & Payroll

### Strengths:

#### HR Procedures

- The Academy uses the template recruitment policy provided by Wiltshire Council, which is comprehensive and covers all relevant sections of 'Keeping Children Safe in Education' - Part 3. The Business Manager stated that the Recruitment Policy is currently being reviewed by the Governors and will be taken to the next Teaching & Learning Committee and then to the Full Governing Body for approval.
- The Business Manager is the point of contact for staff for any HR queries and the Academy buys-in the Payroll and HR Administration Service from Right Choice, part of Wiltshire Council. Right Choice are approachable for support and guidance and has a designated HR Assistant and Senior HR advisor for the Academy.
- A copy of the current Personnel File Checklist was provided. The checklist is completed for every new starter to ensure all checks are carried out.
- The auditor reviewed the HR files of each of the 10 new starters with the Business Manager and the following was found:
  1. For 9/10 (90%) of the new starters tested, confirmation that ID checks had been carried out was available and photocopies of the relevant documents were present.
  2. DBS Certificate numbers were recorded on the SCR for 10/10 (100%) of the new starters tested.
  3. For 9/10 (90%) of the new starters tested, confirmation that right to work checks had been carried out was available and photocopies of the relevant documents were present.
  4. Copies of relevant qualifications / certificates were available for 5/5 (100%) of the staff for whom they were required.
  5. Five of the sample of new starters tested were teaching staff and so required Prohibition from teaching and Disqualified under the Childcare (Disqualification) Regulations 2018 checks to be carried out. Review of personnel files confirmed that all checks had been carried out.

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6. One of the sample of new starters tested was for a management position and so a section 128 check was required. Review of the personnel file confirmed that the check had been carried out and a copy retained in the file.
- The auditor reviewed the Single Central Record (SCR) during the site visit carried out on Tuesday 23rd May 2023. All tabs were checked, and all were found to be complete.
  - The Business Manager, who is responsible for carrying out recruitment checks, has completed Safer Recruitment Training. The Headteacher and one of the governors have also completed Safer Recruitment Training.
  - Risk assessments were completed for the two new starters who started employment prior to their DBS checks being returned and copies were retained in their HR files. The Business Manager explained that risk assessments are checked / approved by Wiltshire HR Service.
  - Staff have to wear a red (Visitor) lanyard and be accompanied by a Teaching Assistant until their DBS is returned. Students know to report any unaccompanied adults with red lanyards to another member of staff.

### Payroll

- The auditor reviewed all claim forms (travel and expenses) for March 2023. 7/7 (100%) of the claim forms had been authorised appropriately, either by the Business Manager, or the line manager and Business Manager. The amounts paid were checked on the payroll / pay slips and all were found to be correct and approved appropriately (by the Business Manager and Head Teacher).
- Sufficient separation of duties is in place for all payroll processes, as tasks are divided between the Business Manager, Headteacher and the Payroll Provider.
- The Staffing Report gives the payroll profile for every member of staff and compares budgeted values and actuals (for salary, pension and NIC), with notes for any significant variances. The spreadsheet has a tab for each month, and so it is simple to compare month to month values.
- The payroll for March 2023 was reviewed for duplicate employees. The employees recorded on the payroll costing report were found to be appropriate. It was established that where staff hold more than one post, they will appear more than once on the report. The auditor checked the payslips for March 2023 and confirmed that there were no duplicate employees.
- The Auditor reviewed the payroll postings / journals and bank statements for December 2022 and March 2023. The amounts for payroll, HMRC, pensions, childcare vouchers and total payroll were compared to the payments made from the bank and as per the accounting system and all values were found to be correct.

### Weaknesses:

#### HR Procedures

- Copies of DBS certificates were found to be retained in personnel folders.
- For 1/10 (10%) of the sample of new starters tested the personnel file was not available. The Business Manager explained that the Chair of Governors holds this HR folder / information due to the role held by the member of staff.

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- 6/10 (60%) of the sample of new starters tested did not have as signed contract retained in their personnel file.
- HR Files are saved in access restricted folder on One Drive, however this is currently only accessible to the Business Manager.

### Payroll

- There are no procedure notes in place for the monthly payroll processes that carried out by the Business Manager.

### 3. Budgetary Control:

#### Strengths:

- The Scheme of Delegation and Finance Manual clearly set out the responsibilities of the Governing Body and Finance and Facilities committee for budget setting and approval.
- Management accounts are prepared on a monthly basis and are provided to the Chair of the Governors and Chair of the Finance and Facilities (FINFAC) Committee.  
The management accounts reports include:
  - Budget monitoring, with commentary explaining variances
  - Income and Expenditure
  - Summary Cash Flow
  - Commentary report
- The Academy has already submitted their Budget Forecast Return (deadline - 31 August 2023) and email confirmation of submission from the ESFA was provided.
- Budget monitoring is carried out during meetings of the Finance and Facilities (FINFAC) committee and is evidenced in the minutes of the meetings provided to the Auditor. Notable variances are highlighted on the Monitoring Report spreadsheet and the notes to accompany the reports.
- The Governors' challenge and scrutiny of expenditure is effective, and they keep a close watch on areas of possible overspending.
- The Budget is approved by the Full Governing Body (FGB) and minutes of meetings were provided to evidence this: Full Governing Body meeting held on 6th July 2023. The FGB voted and unanimously agreed to approve the 23/24 Budget.
- The Academy is currently looking into using Buying for Schools. The Business Manager has booked on to a DfE webinar to find out more about the arrangement. The Business Manager is also part of two Business Manager forums - Wiltshire School Business Leader Network and Bath Education Trust's School Business Professional Network. These forums are very useful for obtaining advice and recommendations when procuring goods or services.
- Department Heads hold the budgets for their subjects and budget reports are provided to budget holder staff 3 times per year (once per term).



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- The Business Manager reviews the budgets for any purchase orders submitted to check whether there is enough budget available and will challenge any orders that might take them over.
- Review of the Autumn 2021 census submission showed that it had been signed by the Headteacher.
- Review of the minutes of the Finance & Facilities Committee meeting held on 27th September 2022 showed that the census data was reported to the committee and the census figures were approved.

### **Weaknesses:**

- Review of the Finance Manual did not show any reference to journals, the journal process or approval levels.

### **2023/24 Audit Coverage**

Pewsey Vale School have agreed with One West that three audit visits will be carried out during the 2023/24 academic year unless increased coverage is required by the Academy Trust.

The Academy's Finance & Facilities Committee should determine the areas of risk and level of work they wish to be reviewed, in line with their perceived need for independent assurance. This will be discussed and agreed by the Finance & Facilities Committee and communicated to One West.

Potential areas of review suggested by One West could include:

- Business Continuity Plan and Risk Management
- Income / Purchasing
- Anti-Fraud

The suggested periods in which the audits could be conducted next year are:

- December 2023
- March 2024
- May 2024

It is a requirement of the Academies Financial Handbook that internal audit be timely, with the programme of work spread appropriately over the year so that higher risk areas are reviewed in good time. This will also ensure that One West are able to provide audit reports for review at the Finance Committee meetings throughout the year.

### **Audit & Risk Personnel:**

Lead Auditors: Lucinda Dixon (Senior Auditor)

### **Acknowledgements:**

Sincere thanks to the Business Manager and academy staff for their help and assistance provided throughout the Audit reviews.

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<b>Appendix 1</b>					
<b>Area of review and key control objectives</b>	<b>Assurance Rating</b>	<b>Summary of Findings</b>			
		<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Opportunity</b>
<b>1. <u>Governance:</u></b> a) The Academy has up to date information published on its website. b) Governors understand their financial management roles, responsibilities, and accountabilities. c) The Academy has effective governance arrangements for covering conflicts of interest. d) There is adequate risk management and insurance cover in place.	<b>Level 4 - Substantial Assurance</b> a) Excellent b) Good c) Good d) Satisfactory				
<b>2. <u>HR &amp; Payroll:</u></b> a) A sufficiently detailed SLA is in place which covers all risks to the Academy, and has been properly approved. b) Payroll is accurately processed and authorised. c) HR Procedures in place are appropriate.	<b>Level 4 - Substantial Assurance</b> a) Excellent b) Good c) Good				
<b>3. <u>Budgetary Control:</u></b> a) Effective monitoring arrangements ensure that the Academy's financial position is substantially in line with the budget. b) Submissions to the ESFA are completed accurately and in line with prescribed timescales. c) Census data submissions are completed accurately and timely. d) The governing body has had full involvement with the preparation and approval of the Academy's annual budget.	<b>Level 4 - Substantial Assurance</b> a) Excellent b) Excellent c) Excellent d) Excellent				

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Area of review and key control objectives	Assurance Rating	Summary of Findings			
		High	Medium	Low	Opportunity
e) The processing of virements is kept to an absolute minimum and virement / journals are only actioned in accordance with the Academy's policy.	e) Weak		e) 1		

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