Anderson, Adam

Minerva Learning TRust

MINERVA LEARNING TRUST

Internal Audit Performance Specification

Reference MLT-INTAUD-2020/1

Version 2020/1

Contents

[BACKGROUND 2](#_Toc49514103)

[LEGISLATION 2](#_Toc49514104)

[DEFINITIONS 2](#_Toc49514105)

[SCOPE 3](#_Toc49514106)

[REFERENCES TO OTHER DOCUMENTS 3](#_Toc49514107)

[GENERAL CONDUCT OF THE CONTRACT 3](#_Toc49514108)

[SPECIFICATION 7](#_Toc49514109)

# BACKGROUND

Minerva Learning Trust is a Multi Academy Trust based in Sheffield. At the time of writing this specification we sponsor 4 large secondary schools and 1 post 16 provider.

Our aim is to deliver an outstanding education for all students, staff and stakeholders.

We do this through an ethos of collegiality which wholeheartedly places pupils at the centre.  Inclusion is at the heart of all we do as a Trust. Our pupils show a high level of care for each other and respect each other’s diversity. We do not allow disadvantage to be a barrier to learning and we support all of our pupils to be the very best.

MLT are looking to appoint a suitably qualified auditor to carry out its internal audits as per the scope below.

# LEGISLATION

Legislation covered in this Specification includes but is not limited to

* Academies Handbook

# DEFINITIONS

MLT – Minerva Learning Trust

MAT – Multi Academy Trust

EA – External Auditor

IA – Internal Auditor

# SCOPE

Academies handbook part 3 Internal Scrutiny

“All academy trusts must 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 operating effectively”

* The provision of the service will be carried out at the following establishments

1. Minerva Central Offices, 7 Shay House Lane, Sheffield S36 1FD
2. Stocksbridge High School, Shay House Lane, Sheffield S36 1FD
3. Handsworth Grange Community Sports College, Handsworth Grange Road, Sheffield S13 9HJ
4. High Storrs School, High Storrs Road, Sheffield S11 7LH
5. Ecclesfield School, Chapeltown Road, Sheffield S35 9WD.
6. Chapeltown Academy, Hydra Business Park, Nether Lane,  
   Sheffield S35 9ZX

* To carry out the internal audit services at the above establishment on the themes (Schedule Section) identified by the trust and in response to the External Auditors Management Letter.
  + Evaluation of financial controls and procedures.
  + Offering advice and insight to the board.
  + Ensure risks are been managed.

# REFERENCES TO OTHER DOCUMENTS

* Academies Handbook, <https://www.gov.uk/guidance/academies-financial-handbook/part-3-internal-scrutiny>
* DFE Internal Scrutiny, <https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/internal-scrutiny-in-academy-trusts>

GENERAL CONDUCT OF THE CONTRACT

* 1. **GENERAL INSTRUCTIONS**
     1. Contractor Registration

All consultants, Contractors and sub-Contractors carrying out work either directly or indirectly for MLT must be approved by Procurement Team. A supplier Questionnaire will be sent to the appointed suppliers, the supplier should notify MLT of any changes to this during the term o the contract.

* + 1. Specification

The Contractor shall comply with all the requirements of the Specification

* + 1. Access

Access to all areas is by prior arrangement only, by contacting the relevant officer. A contacts list will be provided to the contractor.

* 1. **HAZARDS AND RISK ASSESSMENT**
     1. Contractor’s Responsibility

Contractors are always responsible for the safety and wellbeing of their staff when on MLT property. The Contractor shall comply with the requirements of the Trusts Health and Safety and safeguarding guides.

**1.3 STAFFING**

1.3.1 Personal Identification

All consultants, Contractors and sub-Contractors must carry means of identification (ID) displaying the company name, company telephone number and current photograph of the bearer, the name and title of the bearer. Personnel without appropriate ID will not be allowed to remain on site. MLT will not be liable for any delay, loss or expense occurred as a result.

Vulnerable groups of people need to be protected and DBS checks assist in ensuring that the most suitable people are appointed to roles working with these vulnerable groups.

All contractor and sub-contractors’ staff must have a valid DBS certificate to work on school sites. The contractor will issue a list of the staff that will work on site and their DBS certificate numbers.

1.3.2 Sub-Contract or Agency Staff

The Contractor shall not employ agency or subcontract for any part of the works described in this specification, except with the specific prior agreement of the Trust Infrastructure Manager.

1.3.3 Signing in and out of buildings

The Contractor is to ensure that Contractor’s staff follow local school procedures for signing in and out of buildings. Such procedures are essential for the safety of all personnel in the event of fire or other emergency, to establish who might be trapped in a building.

1.3.4 Parking

Parking space is limited at each school site. Vehicles should be parked in marked spaces except where materials and / or equipment is being unloaded and loaded.

# SPECIFICATION

1. To carry out themed audits as per the schedule of this specification.
   1. evaluating the suitability of, and level of compliance with, financial and other controls. This includes both evaluating whether controls and procedures are effective and efficient, and checking transactions to confirm that controls and procedures are being followed
   2. advice and insight to the board on how to address weaknesses in financial and other controls, recommending improvement, but without diluting the responsibility of management for the day to day running of the AT
   3. ensuring risks are adequately identified, reported and managed
2. Production of a termly report showing findings from audit themes.
3. Production of an Annual Internal Audit report.
   1. Example Format

Executive summary (including overall opinion)

Introduction

Approach to work and standards

Classification of opinions (that is the way in which the scrutineer can describe the level of confidence in respect of each business system reviewed and overall)

Assessment of the work commissioned

Summary of work undertaken (tabulated)

Item 1 (payroll)

Overall opinion

Recommendations (H/M/L)

Management response

Item 2 (procurement)

Overall opinion

Recommendations (H/M/L)

Management response

Item 3 (budgeting)

Overall opinion

Recommendations (H/M/L)

Management response

Follow up reviews of earlier work including any outstanding recommendations

Overall opinion on entirety of scrutiny programme (current level of confidence in effectiveness of internal control, overall)

Other issues (e.g. value for money)

Cost of work (scrutineer/auditor days used)

Forward look for next year

Horizon scanning (emerging issues)

# SCHEDULE

**Frequency**

There are 3 internal audit windows for each establishment.

October to November

January to March

April to June

**Themes**

**Procurement**

Poor contract management will result in ATs paying too much for goods and services, or even paying for services they do not need. Value for money audits can also be used to test accepted practice. The AFH sets out some obligations for ATs in relation to related party transactions and conflicts of interest. There are numerous appropriate operational checks. The following list is not exhaustive:

* check of a sample of purchase orders to delivery notes and invoices to ensure that documentation is complete, has been appropriately checked and authorised
* check of a sample of payments back to invoices, purchase orders and delivery notes to confirm they are legitimate purchases
* review statements from suppliers to ensure they are being checked, investigate any disputed invoices
* review contracts, ensuring proper tendering procedures exist and are being followed
* check purchase of any capital assets (e.g. desk computers, interactive whiteboards, kitchen equipment) for physical existence

**Monthly financial closedown**

Monthly closedown will follow a set procedure and the auditor may test a number of the relevant steps, including:

* review that monthly bank reconciliations have been carried out, including reviewing validity of reconciling items
* review of the purchase ledger control account reconciliation and/or creditors list against invoices received
* review of the sales ledger control account reconciliation and/or debtors list against invoices issued
* review of the accruals schedule against costs committed but not yet invoiced
* checks of petty cash balances and supporting vouchers
* review of any budget virements and adjusting journals for reasonableness and authorisation
* review of any write-offs of debt or other losses for reasonableness and proper authorisation

**Payroll and HR**

Ineffective HR systems can lead to low morale and productivity. Effective systems mean staff are properly skilled and can focus on their proper role. Recruitment and training also warrant attention. Payroll will account for the vast majority of the trust's expenditure and so ought to feature in any programme of testing:

* review of a sample of starters, leavers and salary increases to ensure they are properly authorised
* review of the monthly payroll to ensure that any changes and salary payments have been appropriately authorised
* a reconciliation of payroll to HR records to ensure that leavers and allowances are not paid beyond the appropriate dates
* a check of statutory and non-statutory deductions from pay
* review of a sample of expense claims to ensure there is appropriate documentation to support the claim and that it is appropriately authorised

**Efficiency, funding and budgets**

Whether the expected economies of scale arising from merging and updating "back office" functions are being realised. Whether there is tension between the need for efficiency and operational autonomy of constituent academies in a MAT. Is there a gap between the AT's educational aspirations and its financial means, including the funding challenge, and is this addressed through the multi-year budget process? Are budgets properly prepared and reviewed / challenged by management and the finance committee and also consistent with the trust’s business plan pupil census, human resources and other data?

**Fraud, theft and bribery**

Fraud can be costly and embarrassing, and the threat is constant. All ATs should have preventative controls in place, but low-level fraud may be hard to detect, and one-off checks may be an effective deterrent

**Safeguarding and whistleblowing**

All ATS should have effective policies, protocols, procedures and documentation in place. Failure in these areas can be highly destructive of an AT's reputation and, of course, there is hardly an issue of greater importance than pupil safety and welfare. Specialist skills may be required to provide assurance in these areas

**Management information and reports**

Review the trust's management information to ensure information supplied is consistent with the underlying accounting records and internal management reports, including:

* management accounts
* financial reports to board
* pupil data and census returns
* returns to the DfE/ESFA

Ensure management accounts are properly supported by explanations for significant variances from budget and are subject to appropriate review and challenge by management and the finance committee

**Data and IT issues**

Good data is the foundation of effective decision making. Business continuity and recovery of key systems such as attendance management systems should also feature.

Data protection (e.g. GDPR compliance) is also likely to be a key issue.

IT systems should be assessed for their resilience in terms of exposure to cyber security risks

**Premises issues**

Capital projects can be expensive and complex, but consideration should also be given to disaster recovery, business continuity and PFI issues and well as health and safety, fire prevention, asbestos, legionella and so on.

**AT governance structures**

ATs need governance structures and processes appropriate to their size and structure. These must be regularly reviewed and should include Board and committee, executive and operational structures.