

Chancery Multi Academy Trust

Internal Scrutiny Annual Report 2019/20

Prepared by
Dains LLP
Etruria Office Village
2 Forge Lane
Stoke-on-Trent
ST1 5RQ

Accountancy
& Business
Services

Audit

Business
Recovery
& Insolvency

Corporate
Finance

Taxation

Forensic
Accounting

Your
Future.
Figured.

Executive summary

This summary report has been compiled solely for the purpose of year end reporting, in accordance with the requirements of the Academies Financial Handbook (“AFH”) 2019, for the period 1 September 2019 to 31 August 2020.

We have undertaken internal scrutiny review work during the financial year and produced our reports thereon for the Trust executive management and the Audit Committee to enable timely consideration and response.

The work performed on the system of internal controls within the Trust was in accordance with the remit agreed with the Trustee Board and the Audit Committee and an overview of sample testing performed and reported upon has been included in the section “Summary of work undertaken 2019/ 20”.

Nothing has come to our attention from our work which indicates that the controls evaluated during our internal scrutiny work are not adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives being met.

Introduction and approach to work

The primary role of internal scrutiny should be to help the Trust board and executive management to improve the internal control environment within the Trust.

In part, this is done by assessing whether all significant risks are identified and appropriately reported by management to the board and executive management; assessing whether they are adequately controlled; and by challenging executive management to improve the effectiveness of governance, risk management and internal controls.

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our review work in accordance with the remit agreed with the Trustee Board and the Audit Committee and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed for their full impact before they are implemented.

This report, or our work, should not be taken as a substitute for management’s responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls rests with management 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.

This report is solely for the use of the Trust to whom it is addressed and for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at their own risk. To the fullest extent permitted by law, Dains LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person’s reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent. We have no responsibility to update this report for events and circumstances occurring after the approval of our internal scrutiny review work.

We wish to take this opportunity to place on record our thanks to all employees at the Trust for their willing assistance during our undertaking of this work.

Classification of opinions

We have a system of grading our recommendations for control improvements. Each recommendation is graded based on the potential risk level to the Trust: -

High	The Trust is subject to levels of fundamental risk or inefficiency where immediate action should be taken to implement an agreed action plan;
Moderate	Attention should be given to resolving the position as the Trust may be subject to significant risks or inefficiency;
Low	Desirable improvements could be made to improve the control framework or strengthen the ability to mitigate against risks and improve efficiency;
Best Practice	Point brought to the attention of management as best practice only and the issue raised does not impact on the overall control environment.

Assessment of the work commissioned

In accordance with the terms of our engagement letter and agreed scope of work for internal scrutiny we undertake sample testing of areas identified by trustees as being of risk. Detailed internal scrutiny reports completed during the financial year have been provided for review by the Audit Committee . These reports detail the level of compliance with financial and non-financial controls, assess whether procedures are effective and efficient, and provide recommendations for improvement to be considered by trustees for implementation and improvement to tested Trust controls and procedures.

The Academies Financial Handbook 2019 requires trusts to maintain a robust financial oversight. The trust must take full responsibility for its financial affairs and use resources efficiently to maximise outcomes for pupils. Each internal scrutiny report and recommendations therefrom have been discussed and reviewed with management. The findings for the financial year are summarised below:

Summary of work undertaken 2019/20

In line with the scope agreed with the audit committee, we have reviewed the following areas:

Area of Review	Number of recommendations	Risk Level	Management Response
Payroll	1	Medium	Agreed
Purchasing	1	Low	Agreed
Income	None	N/A	Agreed
Accounting system	None	N/A	Agreed

Follow up reviews of earlier work

Reviews undertaken during the year follow up recommendations made in earlier reports where relevant. Since individual internal scrutiny reports may address different areas in different visits, it remains the responsibility of trustees to ensure that appropriate action has been taken where risks have been identified as a result of earlier work.

Overall opinion on governance and control environment, based on entirety of scrutiny programme

We conducted our internal scrutiny review work during the financial year in accordance with our engagement letter and the AFH 2019.

Nothing has come to our attention from our work which indicates that the system of internal financial controls in operation at the Trust which were evaluated during our internal scrutiny work are not adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives being met.

Fraud identified and/ or reported

We have not identified from our internal scrutiny review work any fraudulent transactions to date, nor has the Trust reported any such transactions to us.

Forward look for next year

In accordance with its responsibilities under the terms of the Academies Financial Handbook, the Trust will continue to carry out a programme of internal scrutiny, as informed by its risk register and agreed by its audit committee. Where possible, given the ongoing pandemic, consideration will be given to reviews being performed remotely to minimise on-site attendance.

Dains is a trading name of Dains LLP, a limited liability partnership registered in England and Wales, number OC331125. The registered office is St Johns Court, Wiltell Road, Lichfield, WS14 9DS. Registered to carry on audit work in the UK and Ireland and regulated for a range of business activities by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk, under number C001528129 for the UK and www.cro.ie/auditors for Ireland under number EWC001528129.