



Internal scrutiny for Academies

What is internal scrutiny?

The purpose of internal scrutiny is to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively. Internal scrutiny must be independent and objective, timely, and risk driven.

What does internal scrutiny involve?

Trusts must carry out their programme of internal scrutiny, report on it to their audit and risk committee and provide an annual report to the Education and Skills Funding Agency (ESFA).

Internal scrutiny should focus on:

- Suitability and level of compliance with financial and non-financial controls
- Offering advice and insight to the board on how to address weaknesses in financial and non-financial controls
- Ensuring all categories of risk are identified, reported and managed

Our approach

1. Agree a programme of internal scrutiny based on the risk profile of the trust, the current position of financial and non-financial control and the concerns of the audit and risk committee.
2. Review, discuss and test the trust's systems, controls, transactions and risks based on the agreed programme.
3. Report to the trustees on the adequacy and effectiveness of the trusts systems of internal control, governance and risk management processes.
4. Provide a written report of advice and recommendations for any additional or alternative steps that could be taken to improve the trusts controls.

What areas could be covered by internal scrutiny?

- Procurement
- Payroll
- Monthly financial closedown
- Management information and reports
- Income
- Capital spend and projects
- Efficiency, funding and budgets
- Fraud, theft and bribery
- Safeguarding and whistleblowing
- Data and IT issues
- Premises issues
- Governance structures
- Business Continuity Plans/Disaster Recovery

What are the benefits of undertaking internal scrutiny?

- Provides independent assurance over the effectiveness of your internal control arrangements
- Focuses on the areas of highest risk to the trust
- Provides independent advice and guidance to support the decision-making process
- Supports the work of the audit and risk committee
- Helps strengthen risk management arrangements
- Supports the governance statement
- Ensures compliance with the Academies Financial Handbook

How we can help

Recent changes to the Financial Reporting Council's Ethical Standard mean that your existing auditor can no longer provide you with both internal and external audit services. We can provide an independent internal scrutiny service.

We have a specialist team who work with a number of academies, providing internal and external audit services.

Find out more

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