

Testwood School Internal Scrutiny Annual Report FY2022-23

For the attention of: The Trustees of the Full Trustee Body

From: Nick Whitcher, Internal Scrutineer and Testwood Trustee

Date: 17 September 2023

Exec Summary:

The overall state of the systems and processes reviewed in FY2022-23 is “**good**” with respectable progress across risks evidenced.

The School Risk Register (SRR) itself was reviewed to ensure it remains a valid baseline of the risks faced by the School and can continue to be used to determine the program of work for internal scrutiny.

The School has continued to operate effectively in the areas scrutinised. The School's overall appreciation and mitigation of risks through adequate controls has noticeably increased. The appointment of the now current Head Teacher and Chair of Trustees is a further opportunity to ensure the risk environment further improves to the benefit of all stakeholders.

Introduction:

The revised SRR was reviewed by the Buildings and Finance Panel on 18th November 2020. There have now been three years of Internal Scrutiny using the SRR as the baseline for these reviews. The latest version of the SRR ***Risk Register September 2023.xlsx*** is available separately.

The Internal Scrutineer is required under the Academies Financial Handbook 2022 to review and report to the Trustees of the School Buildings & Finance Panel the robustness of the financial and other systems and processes which take place in School. This is then summarised in a report which accompanies the annual accounts of the School on submission to the ESFA. Requirements for Internal Scrutiny are set out in the Academies Financial Handbook 2022 Part 3.

This draft report has been prepared for initial review by the Full Trustee Body meeting on 20 September 2023. The Buildings & Finance Panel on 15 November 2023 will review and ratify the final report, as per the Panel's Terms of Reference.

Approach & Opinion

Meetings have been held in School on 7th March with the Head Teacher and IT Manager, 14th July with the Head Teacher designate, Director of Finance (DoF) and Chair of Trustees designate, and 1st September with the DoF. Scrutiny was carried out through enquiry and review.

The Trustees agreed to internal scrutiny review across three key themes:

- **#1 School Risk Register:** review of the whole register.
- **#2 Information Systems, Data & Security:** which took in the full range of Category 2 and Category 3 risks under this Category 1 Risk and was a continuation of the scrutiny carried out in 2021-22.
- **#3 Financial Management and Financial Management Ledger:** which took in the full range of Category 2 and Category 3 risks under these two Category 1 Risks.

Two additional themes, Leadership/Key Staff and Staff were originally agreed for review. However, it is the opinion of the Internal Scrutineer that due to the recruitment of a new Head Teacher, two new Deputy Head Teachers and two new Assistant Head Teachers during the Spring term ready for School Year 2023-24, reviewing the risks under the outgoing senior leadership team and key staff would not be appropriate. This review has been carried forward to the 2023-24 scrutiny proposal.

Opinion has been categorised as “**good**” or “**requires improvement**”. Recommendations under each system/process reviewed have been prioritised using **High/Medium/Low** to indicate urgency.

Summary of #1 School Risk Register:

Opinion

My opinion is “**good**”. The discussion between the DoF, HT designate, Chair of Trustees designate, and Internal Scrutineer focussed on the Category 1 Risk Academy/Strategic, was very detailed and considered. Commentary from the meeting has been captured in the latest version of the SRR - “**Risk Register September 2023**”. The following actions were noted from the meeting:

- School needs to consciously consider the MAT question (although noted that it’s not a priority for the DfE currently). ACTION HT / COT to form a small group to consider the School’s position, documented and agreed at the next FTB. **M**
- New AFH 2023 Must Do list to be reviewed. ACTION RO to report back to the November 2023 B&F Panel. **H**
- Reinforced need to maintain systems access due to setting and completion of homework on Google Classrooms. Category 2 Risk added under Information Systems, Data & Security. ACTION RO to propose this additional risk is reviewed as part of the 2023-24 Internal Scrutiny programme. **H**
- School Self-Evaluation Form (SEF) and School Improvement Plan (SIP) to be revisited based on the revised OFSTED inspection regime. ACTION HT to review and document to be agreed at the next FTB. **H**
- Creation of a cleaning policy. ACTION DoF to review and document to be agreed at the November 2023 B&F Panel. **H**
- Category 1 Risk for the maintenance of the school buildings and estate to be reviewed. ACTION RO to propose this additional risk is reviewed as part of the 2023-24 Internal Scrutiny programme. **H**

Recommendations

- Actions are noted above.

Management Response

Not required.

Summary of #2 Information Systems, Data & Security

Opinion

The Category 2 and 3 level risks under the Information Systems, Data & Security Category 1 risk were reviewed in detail. See Appendix One for the notes from the fieldwork. My opinion is “**good**” based on the existing control framework and the steps the school is taking, however this a rapidly evolving area of risk and requires constant vigilance for new threats against the backdrop of the School’s increasing reliance on technology. Cyber security in particular is a key threat and should be reviewed again as part of the 2023-24 Internal Scrutiny programme.

Recommendations

- Overall update to be provided by the ITM to the B&F Panel in order to provide regular updates across this fast-moving Category 1 Risk. Review to be added to the Terms of Reference and agenda of the B&F Panel so the current status can be regularly monitored. **H**
- Review the requirements of DfE guidance “Meeting digital and technology standards in schools and colleges” (updated 29 March 2023). **H**
- Review the resources of the National Cyber Security Centre (NSCS). **H**
- Review the ESFA guidance “Cyber crime and cyber security: a guide for education providers” (updated 20 June 2023). **H**

- IT Strategy Group to provide a review plan of infrastructure based on expiration, as part of the overall oversight by the B&F Panel identified above. **H**

Management Response

Not required.

Summary of #3 Financial Management and Financial Management Ledger

Opinion

The Category 2 and 3 level risks under the Financial Management and Financial Management Ledger Category 1 risks were reviewed in detail. See Appendix Two for the notes from the fieldwork. My opinion is “**good**”. The School’s financial operations are well-controlled by the DoF, with additional scrutiny, oversight and approvals required from the HT, DHT and the Chair of Trustees. Also, the bulk of the School budget is spent on staff costs, therefore “discretionary” spend is limited as is therefore the potential for mismanagement and fraud.

Recommendations

- Add a payroll risk and control to the SRR. Review its effectiveness in 2023-24. **H**

Management Response

Not required.

Follow Up Reviews/Outstanding Actions

FY 2022-23

- Complete the IT controls work during Spring Term 2022/23. **H green**
 - CLOSE: complete (see “Summary of #2 Information Systems, Data & Security” above).
- Implement the actions identified in the action plan. **M amber**
 - C/f: completeness of the Trustees’ action plan to be reviewed with the new Chair of Trustees.
- Internal Scrutineer to review the need for a control to ensure segregation of duties.
 - CLOSE: reviewed in 2022-23 under Expenditure (see “Summary of #3 Financial Management and Financial Management Ledger” above).
- Ensure the updated Scheme of Delegation is satisfactorily approved at the B&F Panel.
 - CLOSE: reviewed in 2022-23 under Delegation of Authority (see “Summary of #3 Financial Management and Financial Management Ledger” above).
- Ensure the Head Teacher’s review of the SCR is triangulated at the B&F Panel as a standing agenda item.
 - CLOSE: the review was switched from the B&F Panel to the SP&P Panel which was deemed more appropriate as that’s where people matters are discussed. A review of the agenda and minutes of the 17 May 2023 SP&P Panel demonstrate that SCR triangulation is an agenda item, and the outcome of the Head Teacher’s review is reflected in the minutes.
- Internal scrutineer to update the SRR and ensure a more thorough review of the SRR takes place as part the internal scrutiny plan for 2022-23.
 - CLOSE: SRR has been updated to include the two risk areas identified. SRR reviewed in 2022-23 (see “Summary of #1 School Risk Register” above).

Overall Opinion of School Control Environment

My overall opinion is “**good**”. Internal Scrutiny work over the last three school years has identified various improvements to the risk oversight and preferences of the School. Internal scrutiny can continue to be clearly directed and the stated risk preferences of the School and Trustees challenged accordingly.

Fraud

No fraud was identified.

Cost of Work

Internal Scrutiny was carried out on a voluntary basis by a suitably experienced Trustee.

Looking Forward

The 2023-24 programme of internal scrutiny will be agreed with Trustees at the Buildings & Finance Panel on 15 November 2023 and ratified by the Full Trustee Body on 6 December 2023.

Actions from the 2022-23 report that have not been completed satisfactorily will be included in the 2023-24 programme.

Appendix One – notes from the Information Systems, Data & Security fieldwork

GDPR compliance, breach, data loss, DSAR's

Process for breaches, data loss have been reviewed by the ITM.

DSAR process has been operating effectively where required.

ACTION: add Data Privacy Review to the ToR and agenda of the B&F so the current status can be monitored.

Cyber security

All staff are briefed at least annually by the ITM, along with the requirement for training.

A recording is available for new staff.

National Cyber Security Centre provides resources and tools, vulnerability assessments and training which the ITM is reviewing.

Advice is also available from the DfE and ESFA.

The Fortinet firewall is provided by Agile ICT, the School's broadband provider, and has a good reputation for security.

Multi-factor authentication (MFA) was due to be switched on for Arbor Education, the School's management information system.

Mint Class and CPOMS already utilise MFA. Finance systems are to be reviewed.

4Matrix, used for school performance data, is going cloud-based which will increase security.

Unauthorised systems access

To be reviewed in the 2023-24 Internal Scrutiny programme.

Existing systems

Review for end-of-life / end of support is achieved via the Asset Register (Iris Assets).

For example: there is currently no cover for the 25 main switches; the WIFI provision ends in August 2023.

All Chromebooks are accounted for although they will be out of warranty by the end of the school year. However, they should continue to work effectively for a further two years.

New system requirements

The IT Strategy Group reviews all requirements.

Areas for imminent review include desktops and infrastructure including network cables and switches.

The Group will prepare a plan of review based on when equipment comes up for extension/replacement.

ACTION: include in general B&F oversight.

There are funding challenges: interactive whiteboards are now redundant but cost £2.5k each to replace (across 50 classrooms). This tension between allocating funds for teaching & learning vs infrastructure improvement/replacement is very real.

Maintenance

Phones, Arbor and WIFI have maximum warranties.

Disaster recovery

A secondary broadband line for key systems only (contact information, registers, payroll, phones) has been ordered. At under £1k, this represents good value.

Full redundancy/back-up costs £6k per annum. This backs up to an onsite network administration service first then to Agile ICT which is secured in the cloud and can only be recovered by the ITM's team.

Google Classroom is backed up by the ITM's team.

Shared drive access is being phased out having given staff time to retain the documents they need.

Appendix Two – notes from Financial Management and Financial Management Ledger fieldwork

ESFA requirements

No inconsistencies picked up either through Internal Scrutineer or External Auditors.
The performance of external auditors is scrutinised more closely too.

External audit

Statement from the auditors is in the school's accounts.
Management letter from the auditors goes to School, Trustees & ESFA
2021-22 draft findings were discussed and challenged at the December 2022 FTB, leading to zero findings in the audit overall.

Internal scrutiny

The IS review programme is embedded, reported on, and challenges to the risk environment itself and the controls in place in school are made.

DoA

New Scheme of Delegation approved by B&F 16 November 2022.
No further changes envisaged.
In terms of enacting the DoA, the 2nd DHT staff cost was agreed at the 8 March 2023 B&F panel meeting.

Staff costs

Budget software reports the ratio for regular Trustee reporting.
The level remains consistent in upper 85-95% range for total staff costs to total income.
External auditors Moore South also provided a benchmark of schools they audit with similar characteristics and Testwood was in line with the benchmarks.

Procurement & suppliers

Most suppliers come through HCC which are pre-vetted usually via the Government Commercial Services frameworks which aggregate spend to ensure good value.
There are some trusted local service providers.
For the CIF bid spend, project manager Kendall Kingscott had responsibility for selecting suppliers and managing spend, answerable directly to the DfE for their procurement processes and cost controls.
The DoF attends the West Hampshire School Business Managers support group which identifies good practice including the showcasing of suppliers.

Income

Income is consistent, however funding for addressing special needs isn't yet addressed.
Maternity cover, agency staff, long term sick and redundancy settlements, building maintenance, e.g., tree preservation, failed sewage pump, wear & tear, petty vandalism have driven expenditure higher (although still lower than budget).
Positives include new gas contract, CIF project improvements (efficient heating & hot water); electricity usage wasn't as elevated as expected; income from additional ESFA grants including MSAG for wage reviews, recovery premium, PP/FSM (but still lags a year).
Catering services positive, lettings service for astro, etc, although cost of food has been higher.
Per pupil value has increased but doesn't cover cost of increased expenditure, including new IT.
A lot of work going regarding sports facilities which in turn drives catering usage.

Debtors

Zero debtors outstanding, all chased successfully.
Any material concerns would have been raised to Trustees.

Taxation

Not VAT registered as own income is not likely to hit the threshold of £85k.

Expenditure

Segregation of Duties on bank a/c authorisation: minimum of x2 signatories required for transfers, Lloyds' banking requirements are strong.

Expense claims from staff & Trustees are lower, however expecting more travel 2023-4 as face to face training to raise teaching standards increases.
No unexpected expenses have come through.

Contingent liabilities

Cashflow is healthy, all creditors have paid.

Three-year outlook is improving as ESFA releases new funds for recovery and pay awards.

SCHOOL NOT IMPACTED BY REINFORCED AUTOCLAVE AREATED CONCRETE ISSUE –
ENGINEER SURVEY CONFIRMED THIS AND TO THE ESFA.

Insurance

School has adopted the DfE's Risk Protection Arrangement, which covers most insurance needs.

Outside of this arrangement, insurance is maintained for the minibus, occasional business use for staff own cars, and building inspections insurance.

Banking & petty cash

Bank accts reconciled monthly.

Very little petty cash usage now.

Assets

Centrally held on Iris Assets which was reviewed to see how the register works.

Mostly computer/electronic assets recorded.

Financial crime / related party

No staff or Trustees with connections for provision of services to the school.

Little leeway in the School Budget to give rise to the opportunity for fraud.

Payroll

ACTION: add a payroll risk to the SRR.