ST. MARY'S

Internal Scrutiny Annual Report 2024-25

Contents

Executive summary

The systems of Internal Controls are satisfactory and are operating as intended. A few school-specific control weaknesses were noted. The controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives are met.

In the course of our work, nothing has come to our attention that suggests the expenditure dispersed and income received have not been applied to purposes intended by parliament. The financial transactions fully appear to conform to the authorities which govern them.

Most areas reviewed during the 2024/25 cycle had been previously examined within the last three-year internal scrutiny process. Significant progress in strengthening controls was apparent. New requirements mandated by the Academies Trust Handbook and identified through the Trust's risk assessments were also reviewed, tested, and reported on.

We conclude that the system of internal control established within the Trust is currently effective and that the Trust board is active in developing and improving the controls in place.

Introduction

We are pleased to present the Trust board with our annual report. This summary has been prepared mainly for year-end reporting, as defined by the DfE, covering the period from 1st September 2024 to 31st August 2025. A comprehensive internal scrutiny report has been created for the Trust's executive management and the Trust board to facilitate prompt review and action.

The primary role of internal audit should be to assist the board and executive management in safeguarding the organisation's assets, reputation, and sustainability.

This is done by assessing whether all significant risks are identified and appropriately reported by management to the board and executive management. It also involves evaluating whether they are adequately controlled and challenging executive management to improve the effectiveness of governance, risk management, and internal controls.

Approach to work and standards

Our approach to undertaking internal scrutiny review work involves the following;

- Use of the Risk Register to drive the audit plan development
- Focus on a small number of high-value audits
- Coverage across the financial year
- Review of outcomes as well as processes
- Clear and transparent reporting with defined opinions and categories of recommendations

- Follow up on recommendations to ensure their implementation
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Classification of opinions

Our opinions in the review describe the level of confidence concerning each business system. The professional practice guidance of the Chartered Institute of Internal Auditors has been followed in formulating and expressing them.

We apply five principles in the provision of opinions, namely;
1. Authentic - Opinions are fair, reliable and honest.
2. Transparent - Opinions are qualified with evidence and professional judgement.
3. Strategic – Macro-level information without undue detail.
4. Insightful - Information is engaging and generates discussion.
5. Resolute - Opinion is delivered with courage and conviction.

The opinion grades are as follows;

Opinion	Description
Inadequate	Findings indicate significant control weaknesses and the need for urgent remedial action. Where corrective action has not yet started, the current remedial action is not, at the time of the audit, sufficient or sufficiently progressing to address the severity of the control weaknesses identified.
Adequate	A number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions will be at too early a stage to allow a satisfactory audit opinion to be given.
Satisfactory	Findings indicate that on the whole, controls are satisfactory, although some enhancements may have been recommended.

Assessment of the work commissioned

In accordance with the requirements of the Department for Education (DfE) and as included in the Academies Trust Handbook, September 2024, we have carried out an engagement to obtain limited assurance about the internal control framework in place at the St Mary's CE Primary Academy. Our engagement includes examining a test and sample basis of evidence relevant to the regularity and impropriety of the trust's income and expenditure.

The work undertaken to draw our conclusions includes:

- Analytical review of the Trust's general activities to ensure that they are within the Trust's framework of authorities.
- Consideration of the evidence extracted on an independent or remote basis.
- Review of the general control environment for drawing up financial statements.
- Sample testing of expenditure transactions ensures the activity is permissible within the Trust's authority framework.
- Confirmation that the expenditure has been appropriately authorised in accordance with the Trust's delegated authorities.
- Formal representations were obtained from the Trust Board, Chief Financial Officer, and school business officers, acknowledging their responsibilities, including disclosing all non-compliance with laws and regulations specific to the authorising framework.
- Checks that any extra contractual payments, such as severance and compensation, have been appropriately authorised and recorded.
- Review of charge card expenditure for any indication of personal use by staff or trustees.
- Review of specific terms of grant funding within the funding agreement.
- Review of related party transactions or connections with senior staff, governors, trustees, or members.
- Review of income received in accordance with the activities permitted within the trust's charitable objectives.
- Review of the treatment of taxation.
- Post-internal scrutiny review meetings have taken place between the executive trust leaders and us, where findings and mitigating factors have been considered. As well as allowing us to provide independent advice and guidance, these meetings support the work of the audit and risk committee. They enable us to offer advice and insight on improving current financial and non-financial controls, strengthening risk management arrangements, and enhancing the trust's internal control framework.
- Detailed reports have been provided for review by the Strategic committee. The reports detail the level of compliance with financial and non-financial controls, assess the effectiveness and efficiency of procedures, and provide compliance statistics for tested Trust controls and procedures.

Summary of work undertaken 2024-25

Area of Review	Overall Opinion	Recommendations	Risk Level	Management Response
Accounts Payable – Invoice Payments	Effective controls in place.	None	N/A	None Required
Review of the Trust's Budget Setting and Approval Framework	The Trust's budget-setting and approval framework is generally well-designed and operating effectively, with clear responsibilities, established timelines, and appropriate oversight	The Trust to documents its budget drafting and approval process to support its Business continuity and succession planning risk mitigations	Low	A timetable that reflects current processes and timetables will be produced during the Spring Term 2025
Post PFI Preparation	The Trust's preparations for exiting the PFI arrangement are progressing appropriately, with clear governance, structured planning, and early-stage financial analysis in place.	The Trust to leverage its position within the Stoke on Trent cluster to obtain full contractual disclosure from the current PFI provider so that it can fully end of contract and post contract risks	High	Liasion to this effect is still ongoing between Stoke on Trent schools and the PFI Provider
Review of Contract Management	The Trust's contract management arrangements are generally sound. Opportunities exist to strengthen	The Trust to put in place a contracts register at its earliest opportunity	Medium	A contracts register and supporting routines has been implemented

	documentation, monitoring, and contract ownership to improve assurance and consistency across the academy.			
Review of Debtor Balances and Procedures	There is Reasonable Assurance that Debtor processes and procedures safeguard the Trust.	None	N/A	None Required

Follow-up reviews of earlier work

Follow-up is a process by which internal auditors evaluate the adequacy, effectiveness, and timeliness of actions taken by management on reported observations and recommendations, including those made by external auditors and others.

The follow-up review of earlier internal scrutiny recommendations conducted during this period is provided in the following table.

Previous Recommendation	Effectiveness of Response	
We recommend that the Trust executive display the updated disclosures of Trustees and Members on the school website.	Satisfactory	Timely

The overall opinion on governance and control environment is based on the entirety of the scrutiny programme.

We have conducted our engagement in accordance with the Academies Trust Handbook issued by the DfE. In our opinion, the Trust system of internal financial control is SATISFACTORY. It is based on a framework of management information and administrative procedures, which include the segregation of duties and a system of delegation and accountability.

It includes:

- Comprehensive budget and monitoring systems with an annual budget and monthly financial reports, which are reviewed and agreed upon by the board of trustees
- Regular reviews by the Trust leadership produce reports which indicate financial performance against forecast and major purchase plans, and capital works and expenditure programmes
- The setting of targets to measure financial and organisational performance
- clearly defined purchasing (asset purchase and capital investment) guidelines
- delegation of authorities and segregation of duties
- identification and management of risks

Fraud identified and/or reported.

We have not identified any fraudulent transactions in any reviews with the Creative Partnership Learning Trust to date. The Trust itself has not reported any fraudulent transactions to date.

Cost of work (scrutineer/auditor days used)

On the basis of consolidated finances, we have agreed that each Academy visit will be undertaken in half a day (being £1,350 covering one constituent academies and the central trust, excluding VAT and expenses). The central function will be subject to two days of audit input charged at £450 per day. These fees include the cost of on-site fieldwork, as well as review and reporting.

Look forward to next year.

Emerging issues identified by ourselves and suggested for review by St Mary's CE Primary Academy for 2025/26 are;

- HMRC Review of VAT claims and the impact on Trust cashflow
- Artificial Intelligence reshaping the supply of the labour force and expanding cybercriminal capabilities.
- Financial resourcing risks derived from the merging of grants into the NFF, increases in labour costs, and public sector funding cuts.
- Maintaining Cybersecurity
- Digitalisation of Governance
- A Trust response to Sustainability/Climate change
- Risks presented by Trust growth in member schools (and school types)
- The national fall in birth rate
- Revised expectations by the DfE relating to academy Trusts should grow and/or merge.

- Economic Trade Conflicts and Sanctions
- Techno-nationalism: Digital and AI Sovereignty
- Decline in Social Bonds and Trust
- Continued development of Drones as viable attack risks to traditional security measures.

As previously stated, the Trust has a three-year programme of internal scrutiny reviews in place. The 2025-26 internal scrutiny programme is now in place. It will continue to be adapted to focus on the areas of assurance required by Trustees and include new compliance requirements as directed by updates to the Academies Trust Handbook and other bodies.

Interim reviews are now undertaken using a blended (remote and on-site) approach to minimise on-site activity. This situation is under continuous review.