



Academy Advisory

Internal Audit Services

Auditors Supporting Teaching & Learning

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Contents

Sections

1. Internal audit – key questions
2. Risk management and our approach to it
3. Why us?
4. Contact information

Appendices

- Appendix I – About risk management detail
- Appendix II – Our audit service detail
- Appendix III – About us detail



1. Internal audit – the key questions



Why do you need internal audit?

It has been a requirement of the Academies Financial Handbook for several years to have assurance over financial controls:

With the 2019 edition of the Handbook it is now a requirement that the audit committee consider all aspects of risk and obtain assurance over key mitigating controls (not just financial controls) ✓

Internal assurance reports should be produced for the audit committee at least termly ✓

Internal audit is a requirement of the Academies Financial Handbook because internal audit reduces the risk of business and educational failure and can be a valuable partner in driving improvement

Expert review of an academy trust's operations can assist in discovering weaknesses before they become exposed by real life issues ✓

Review by experts who work with many trusts and academies can assist in the sharing of best practice, resulting in more efficient and effective processes ✓

We assist many of our clients with roadmaps for future growth, assisting them with the thought-process of how to deal with important decisions such as the level of centralisation / decentralisation within central functions ✓

What do you need from an internal auditor?

You need to know the assurance work itself is conducted by experts in their field

We are registered and regulated by the ACCA, and are experienced internal auditors dedicated to serving the academy sector alone.



We are internal auditors to over 100 academies across the UK



Our team are experts in their fields and cover most areas of risk academy trusts may face, such as:

- *Teaching and learning*
- *Finance and business administration*
- *HR*
- *Estates*
- *ICT*
- *Governance*



Flexibility to work with your experts as well access to their own

Internal audit requirements now cover all areas of risk, but many trusts have existing reviews, conducted by internal and outsourced experts that can be brought into this new risk management process



We are experienced in working with trusted experts from our clients teams, and consolidating their work within the risk management programme, saving our clients money and protecting existing relationships



What do you need from an internal auditor?

Other key requirements

Clear and concise reporting, focussing on real issues



Doesn't just focus on risks and downside, but also raises added value "advisory" recommendations that help to move the trust towards best practice



Tailors audit work to the specific needs of the audit committee and the trust rather than relying on one-size-fits-all checklists



Provides training and advice for trustees and management where necessary to assist the trust in meeting the developing needs of academy regulation



Why do I need to change my current arrangements?

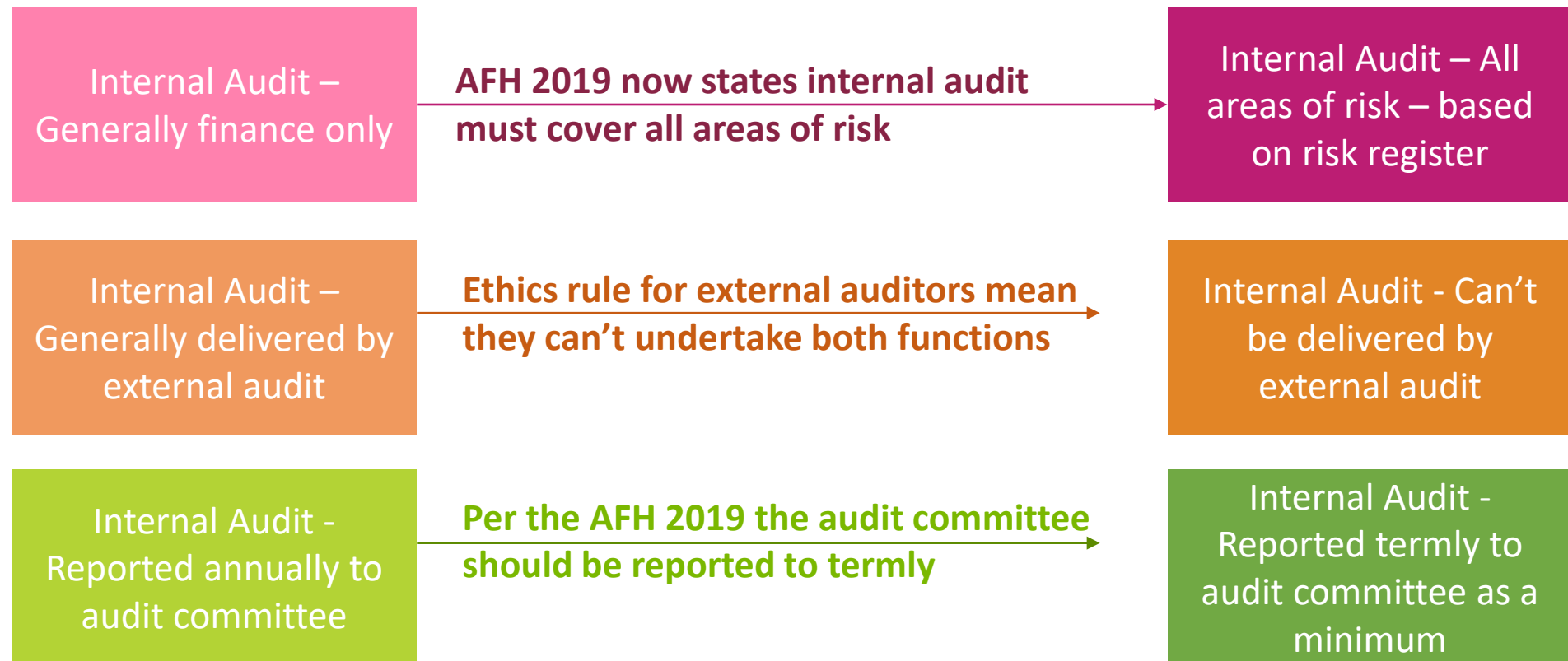


Regulations have changed, both for academy trusts and external auditors. For some academy trusts, their current arrangements will already be in line with the new requirements, but for many a change will be necessary.

Below we provide a typical example of how internal audit was provided and what will change:

Pre 2019/20 internal audit:

2020/21 + internal audit:



2. Risk management and our approach to it

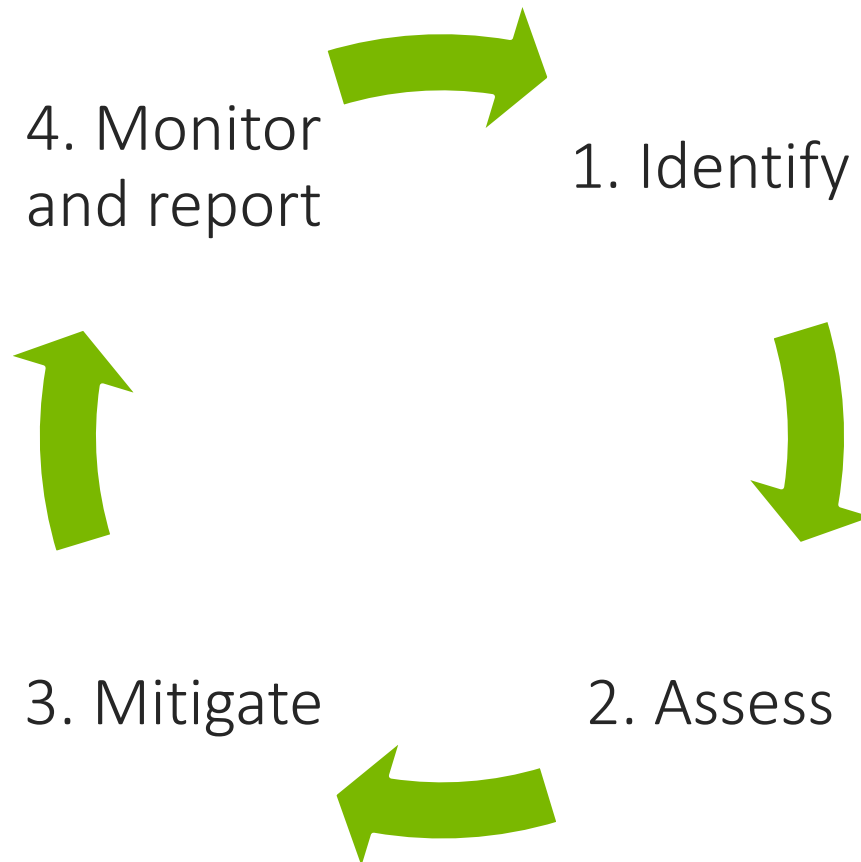


Understanding risk management



The risk management process is based on four key stages:

1. **Identify:** the risks that most affect the organisation. These risks are summarised in the risk register which is reviewed continually
2. **Assess:** Once the risks have been identified, they are assessed and risk ratings are attributed according to probability and potential impact. This is recorded in the risk register
3. **Mitigate:** identify any controls that exist, or that could be put into effect in order to reduce risk. Controls and responsibilities recorded in the risk register
4. **Monitor & report:** the controls that help to mitigate risk are subject to internal audit checks. Audit work is summarised into reports that are received and considered by the audit committee



How we plan and undertake internal audit



Internal audit pre-planning: discussions with senior leadership, risk register review, minutes, review of latest financial and educational information and external audit findings

Planning meeting: with management and audit committee chair. Discuss planning work and agree the scope of internal audit programme for the year

Planning finalisation: formal audit plan prepared for review and sign off by the audit committee. Plan will show proposed reporting timescales, team members allocated to specialist areas and costs

Audit fieldwork: specialist auditors work through the scope agreed in the audit plan and this is independently reviewed by an audit director. Draft findings are shared with management and academies to obtain their view and management response. Any significant issues are escalated immediately to the appropriate trust officer

Audit reporting: Audit field work is reviewed once again for quality and consistency, consolidated reports that provide a concise summary of the issues (with graphics) are produced, conclusions as to the level of risk in each area, recommendations arising and a follow up of previous recommendations

3. Why us?



Why us?

Academy Advisory is a sector specialist assurance practice, offering services throughout the United Kingdom

- *Internal auditors to over 100 academies across the UK*
- *Expert team that specialise in the academy sector*
- *Our team work as both auditors and practitioners within the sector; we sit your side of the fence too*
- *Bespoke approach to auditing, agreed with you in advance*
- *We report clearly and concisely, focussing on the positives as well as the negatives*
- *We always aim to share best practice and to assist improvements in our clients processes*
- *We provide academy sector update training to external auditors*

Our team includes specialists in the following fields:

- *Finance, audit & operations: qualified accountants and auditors, finance directors and business managers*
- *Education: former HM Inspectors with direct Ofsted experience. DfE consultants*
- *Estates: Chartered surveyors with experience of managing large-scale building construction and maintenance projects*
- *ICT: Computer and systems experts with experience of providing managed services, data back up & recovery and cyber security services*



Why us?



Who we work with

We work with a broad range of clients from small individual primary Academies through to some of the UK's largest multi-academy trusts:

Academy Trust	Engagement type
Oasis Community Learning	Consulting Services
The Elliot Foundation	Internal Audit
Tudor Grange Academy Trust	Consulting Services & Internal Audit
Arden Multi Academy Trust	Internal Audit
Silvertrees Academy Trust	Internal Audit
Wednesbury Oak Academy Trust	Internal Audit
Hillcroft College	Consultancy Services
The LEAP Academy Trust	Finance Support Services, Interim Finance Director & Recovery Services
Ocker Hill Academy Trust	Internal Audit
Hales Valley Trust	Internal Audit
St Chad's Academy Trust	Internal Audit and Consultancy
St Peter's Collegiate	Internal Audit

Academy Trust	Engagement type
Birmingham Diocesan Board of Education	Business planning and strategic advisory
Wulfrun Academies Trust	Internal Audit and Consultancy
Lichfield Diocesan Academy Services	Finance Director Services
Birmingham Diocesan Multi Academy Trust	Internal Audit (previously Finance Director services)
North West Academies Trust	Consultancy services
The Small Schools Multi-Academy Trust	Internal audit and Finance Support services
Sola Fide Church of England Trust	Finance Director and Finance Support services
Forward Education Trust	Finance Director Services
St Bart's Multi Academy Trust	Internal Audit
Landau Forte Academy Trust	Consultancy services

4. Contact information



Contact Information



For more information

If you require any more information please contact our Managing Director, Chris Whiting using the details below:



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Appendix I – Risk Management Detail

Understanding risk management



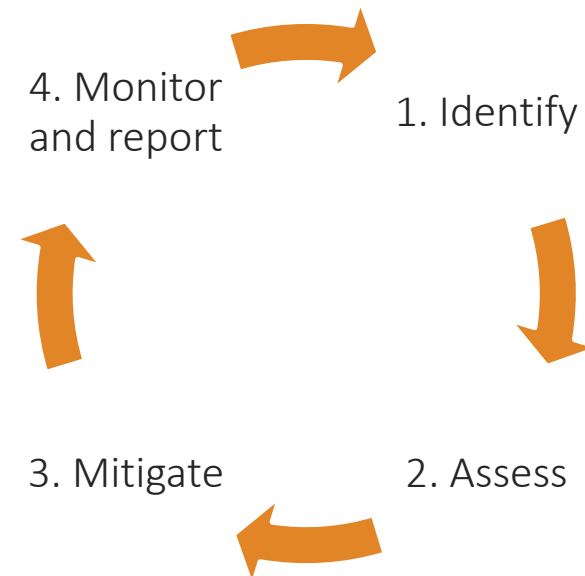
The risk management cycle

Risk management is a process of understanding and managing the risks that the organisation is subject to in attempting to achieve its strategic objectives.

The risk management framework is a vital business process; risk registers should be a living and breathing part of regular senior leadership meetings both at academy and trust levels.

There are four key stages in the risk management cycle (shown opposite):

- 1. Identify:** The first stage of risk management is to identify the risks that most affect the organisation. These risks are summarised in the Risk Register.
- 2. Assessment:** Once the risks have been identified, they are assessed and risk ratings are attributed according to probability and potential impact.
- 3. Mitigate:** The third stage is to identify any controls that exist, or that could be put into effect in order to reduce risk. A good example would be health and safety compliance, where a member of staff will be accountable for checking compliance and approved suppliers used in order to ensure regulations are adhered to.
- 4. Monitor and Report:** The controls that help to mitigate risk are subject to internal audit checks or other internal monitoring. Monitoring activities are summarised into reports that are received by the audit committee, allowing the committee and board to assess the adequacy of the internal control framework, and to assist in the planning the next round of internal audits.



The role of internal audit

The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.

The Academies Financial Handbook requires that trusts have a process for independent checking of financial and other controls, systems, transactions and risks.

The internal audit director would first agree a scope of works with the audit committee before managing a programme of work, delivered by its own team (and where necessary by the trusts internal experts / existing consultants), to ensure all areas of risk are reviewed and measured to the highest standard, on a consistent basis, by experts with suitable qualification and experience in each specialist area.

Appendix II – Our Audit Service Detail



Our internal audit service

Internal Assurance – the new requirements

The 2019 edition of the Academies Financial Handbook brought in significant changes to the way internal assurance is managed and delivered within academy trusts.

Trusts must now maintain a risk register which details the major risks faced by the trust and mitigating controls that are in place to manage those risks. The audit committee should use this document to manage a programme of internal assurance work aimed at providing an opinion as to the sufficiency and adequacy of internal controls.

The key differences to previous Academies Financial Handbook requirements are as follows:

- The Audit Committee must now drive the process and should receive internal assurance reports at least 3 times per annum.
- The risk register must be prepared and updated to support the risk management process
- The internal assurance framework should extend to all areas of risk, not merely finance and business administration.

Academies Financial Handbook 2019

“The academy trust must have sound internal control, risk management and assurance processes”

“All academy trusts must have a programme of internal scrutiny to provide independent assurance to the board that its financial and other controls, and risk management procedures, are operating effectively”

“The audit committee’s role must include directing the trust’s programme of internal scrutiny and reporting to the board on the adequacy of the trust’s financial and other controls and management of risks”

Internal audit that supports you

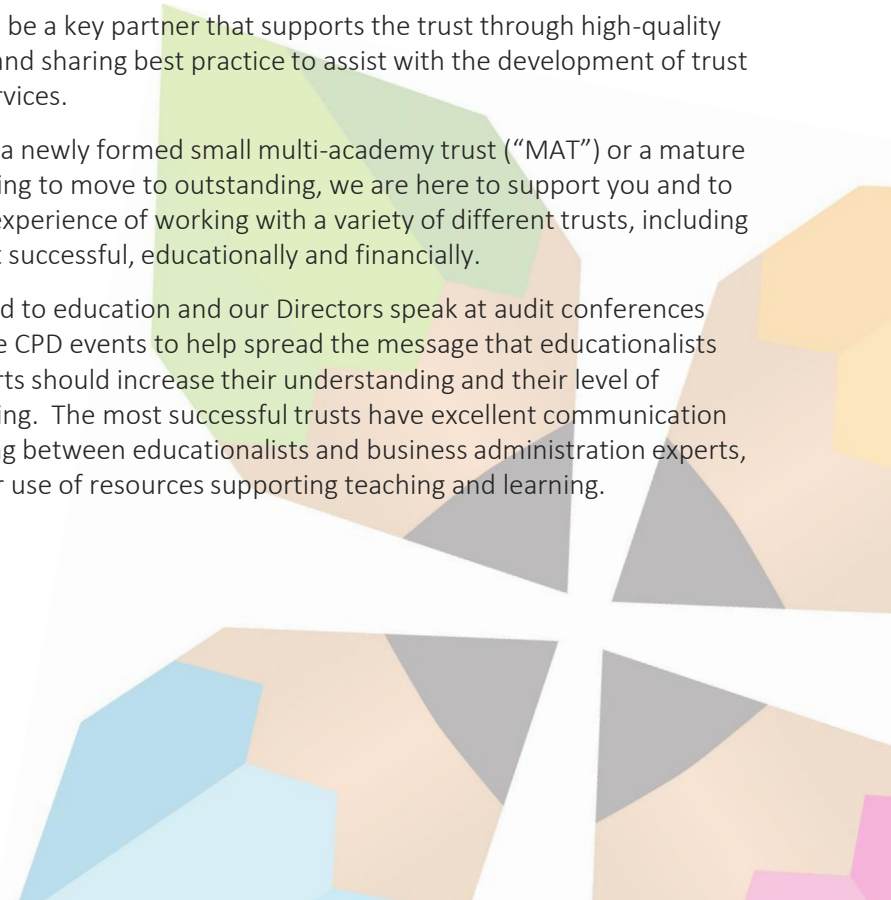
Academy Advisory has access to experts in all areas of an academy trust’s business, (from educational experts (including HM Inspectors), to ICT, estates and HR), which means we can deliver assurance in all areas if necessary. Many trusts have existing specialists they have history of working with and we are used to working flexibly to “fill in the gaps” and manage internal assurance in a consistent and joined up manner.

We do not provide a tick box approach, instead each audit scope is agreed with management and the audit committee in advance and focusses on the risks and mitigating controls specific to the trust and its constituent academies.

We always aim to be a key partner that supports the trust through high-quality assurance work, and sharing best practice to assist with the development of trust and its central services.

Whether you are a newly formed small multi-academy trust (“MAT”) or a mature organisation looking to move to outstanding, we are here to support you and to advise based on experience of working with a variety of different trusts, including many of the most successful, educationally and financially.

We are committed to education and our Directors speak at audit conferences and sector update CPD events to help spread the message that educationalists and finance experts should increase their understanding and their level of partnership working. The most successful trusts have excellent communication and understanding between educationalists and business administration experts, resulting in better use of resources supporting teaching and learning.

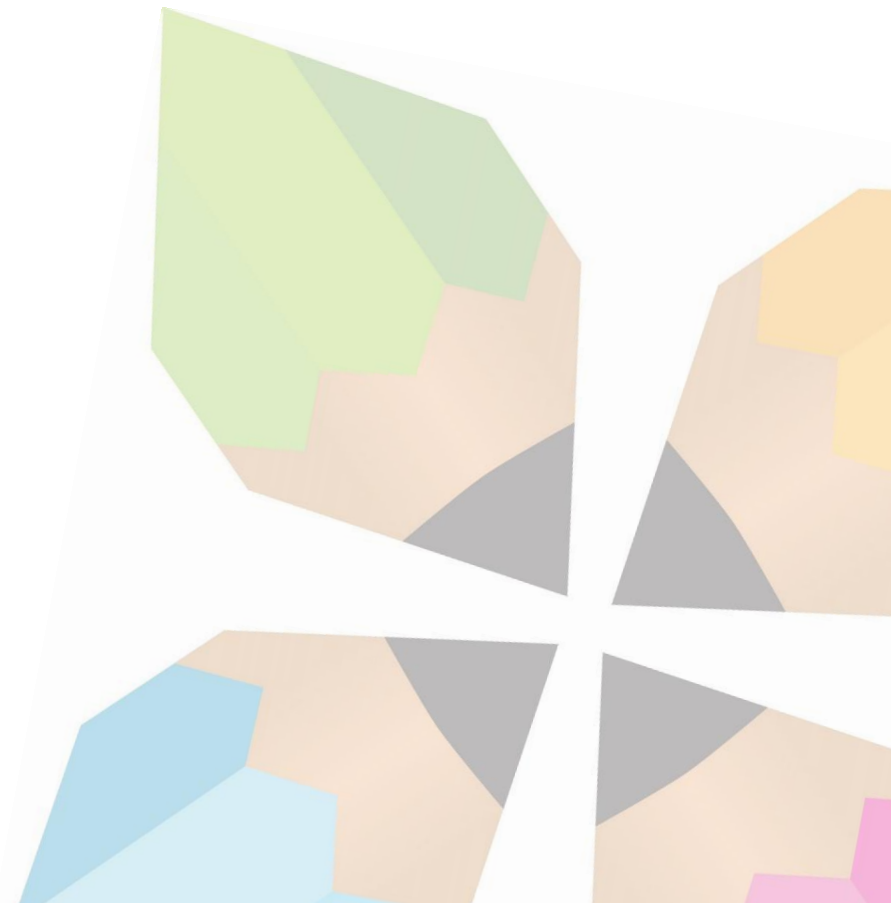


Our internal audit service

You can be assured of the competence and quality of our work

Academy Advisory Ltd is regulated by the ACCA, the world's largest global body of accountants.

- We act as internal auditors for over 100 academies across the UK.
- Our team have worked as consultants, auditors and finance directors within the sector. We know the challenges you face running your trust because we help to run them too.
- Each audit visit will be reported formally and summarised for the trust's audit committee using dashboards that easily show where areas of risk are, both by academy and by key theme (ie. purchase ordering, payments, recruitment etc).



Appendix III – About Us Detail



About us



About Academy Advisory

Academy Advisory was established in 2014, originally to provide a range of finance support services specifically to the Academy sector. Since that time our service offering has expanded, covering educational and estates services in addition to finance. Unlike other service providers, we are a firm of qualified accountants that work almost exclusively for academy trusts (hence the name). Our team work as finance directors and managers within the sector as well as providing accounting, consultancy, audit and assurance services. This means that unlike other firms, we have direct experience of running academy trusts, working with internal stakeholders such as Principals, senior leaders and governors and external stakeholders such as the Department for Education (“DfE”) and Education and Skills Funding Agency (“ESFA”).

Our specialist team offers a broad range of services to the sector, we have accumulated a strong portfolio of academy clients throughout the UK, and we have a good working relationship with the DfE and the ESFA. Our finance and assurance service offering includes:

- Internal audit
- Accountancy
- Budget preparation
- Preparation of Financial Statements
- Pension returns audits
- Outsourced finance director services
- Governance reviews
- Business planning
- Strategic advisory services
- Assistance with grant applications
- Recovery and academy turnaround services
- Consultancy

Our managing director is Chris Whiting FCCA, an experienced academies specialist who has overseen numerous academy conversions as both sector consultant and as a finance director of several large multi-academy trusts.

In addition to our finance team, Academy Advisory also offers educational services headed up by Peter Cox. Peter has considerable experience as a senior leader in secondary schools. As such he was a serving practitioner working for Ofsted as an additional inspector and was later seconded to Ofsted.

Peter then joined CfBT, Ofsted’s inspection service provider in the north as Senior Managing Inspector, with special responsibility for schools causing concern in the primary and secondary phases. His particular expertise is in school improvement. He has extensive experience of leading school and academy inspections.

Our estates consultancy services are headed up by Ralph Hilton. As a Chartered Building Surveyor, and a Fellow of the R.I.C.S. (Royal Institution of Chartered Surveyors), Ralph has extensive experience in surveys of buildings and the preparation of Condition Reports for purposes of due diligence in the purchase or new management of buildings, and also in devising Planned Maintenance Programmes for budget-efficient maintenance and repairs on properties of all types and sizes.

Our ICT specialist services are headed by Adam Given. Adam has worked as an ICT specialist for a number of years and manages clients systems, including helpdesk services, cyber security, hosting and systems analysis.

With our experienced team of academy sector specialists we will provide the Academy with a flexible, knowledgeable and friendly approach.

Contact information

Why us?

We provide a genuinely different approach to most other internal audit service providers. Our staff and consultants are sector specialists, with first-hand frequent experience of working with academies and MATs. As our name suggests, this is the sector we specialise in and your service will never be delivered by anyone without sufficient accounting and academy sector experience.

We have a bespoke approach to Internal Audit, we don't work from "one-size-fits-all" checklists, but we have a tailored and well planned approach that is appropriate for the management structure, level of decentralisation and the policy framework of the Trust.

We agree all work in advance and will never send an unexpected invoice for additional work undertaken as part of our internal audit service.

For more information

This document provides an overview of our proposed services, our academy trust clients, and our team's skills and experience. If you require any more information please contact our Managing Director, Chris Whiting using the details below.

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Supporting teaching and learning



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