

# INTERNAL AUDIT POLICY

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Version	Date	Description	Revision author
1.0	Sept15	Trust Version Created	VFB
2.0	Aug 19	Overhauled to reflect new requirements	VFB
2.1	Mar 21	Minor accuracy adjustments	VFB

## Background and Aims of the Internal Audit Policy

Internal audit is designed to enhance systems and procedures and should be a positive experience for all involved. The Trust welcomes internal and external scrutiny and views it as an opportunity to enhance already strong systems and to learn. The specific aims of this policy are to:

- 1) Set out the principles of internal audit
- 2) Ensure systems and procedures and being continually monitored and improved upon
- 3) Ensure there is an open and appropriate approach to internal scrutiny
- 4) Ensure compliance with relevant legislation, namely the academies financial handbook

Set out below are the Beckfoot Trust processes for checking its financial systems, controls, transactions and risks.

## Audit Framework and Timeline

Term	Activity
Autumn	<ul style="list-style-type: none"> <li>• External Scrutiny during statutory audit including a review of the prior years internal audit</li> <li>• Setting the scope of the current years internal audit</li> <li>• Audit committee meeting to agree scope and review statutory audit findings</li> <li>• Review the controls and systems for the focus areas, analyse any control weakness and formulate testing</li> </ul>
Spring	<ul style="list-style-type: none"> <li>• Internal scrutiny launch event, CPD for all staff to ensure relevant skills and knowledge are present.</li> <li>• Include external advisors where appropriate and staff gaining an internal qualification</li> <li>• Internal audit activity ensuring adequate cover across the Trust either internally or externally as described below</li> <li>• Implementing changes recommended by external audit</li> <li>• Audit committee meeting to review findings of internal audit</li> </ul>
Summer	<ul style="list-style-type: none"> <li>• Consolidation of audit findings and implementing recommended changes</li> <li>• Audit committee papers for audit strategy</li> <li>• Feedback event. Learning from the round of internal scrutiny and general CPD session on high risk areas. External advisors invited where appropriate</li> </ul>

## Principles of Internal Scrutiny

To ensure the internal scrutiny function achieves its stated aim and in accordance with the Academies Financial Handbook the internal scrutiny must:

- 1) be independent and objective
- 2) be conducted by someone suitably qualified and experienced and able to draw on technical expertise as required
- 3) be covered by a scheme of work, driven and agreed by the audit committee, and informed by risk
- 4) be timely, with the programme of work spread appropriately over the year so higher risk areas are reviewed in good time
- 5) include regular updates to the audit committee and the trustees by the person or organisation carrying out the programme of work, incorporating:
  - a report of the work to each audit committee meeting, including recommendations where appropriate to enhance financial and other controls and risk management
  - a short annual summary report to the audit committee for each year ended 31 August outlining the areas reviewed, key findings, recommendations and conclusions, to help the committee consider actions and assess year on year progress

## Approach to Internal Scrutiny

The Trust has the option to carry out internal audit in a number of ways and the method of doing so will be determined annually based on the current risk profile. The internal audit policy is reviewed regularly by the board and the annual approach is determined by the audit committee. The options include:

- appointing an in-house internal auditor – using staff within the Trust to audit the functions of the Trust. This has several benefits including upskilling Trust staff and enhancing collaboration.
- a bought-in internal audit service – this provides external scrutiny and may be suitable where there is a higher risk profile.
- the appointment of a non-employed trustee – enhancing the board scrutiny and tapping into Trustee expertise
- a peer review by the chief financial officer, or other member of the finance team, from another academy trust – this opens the door for cross Trust collaboration and enhances best practise working, also upskills Trust staff if the arrangement is reciprocal.
- a blend of the above options

For the current audit cycle the Trust is carrying out peer to peer review alongside BDAT. The scope is determined by the audit committee and takes into consideration the external audit findings and the current level of risk around potential areas.

## Internal Audit Findings

Audit findings will be shared in an open and timely way and where recommendations are made these will be acted upon and changes implemented as soon as is practical.

## Internal Audit Reporting

The findings of the internal scrutiny will be included within the annual accounts in the governance statement and in the accounting officers statement. The summary findings will also be submitted to the ESFA along with the annual accounts.