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Ribbon Academy

Internal Audit Annual Summary Report
Academic Year 2023-24

Overall Level of Assurance
Substantial

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1.   Executive Summary / Overall Opinion

1.1   The findings from the internal audit work carried out during 2023-24 provide substantial assurance that the governance and financial/non-financial management arrangements adopted by Ribbon Academy are in accordance with the requirements of the Academy Trust Handbook and operate effectively in practice to support achievement of objectives, to safeguard public funds and those officers involved in their administration.

1.2   The controls examined are well designed, appropriate in scope and are being applied consistently and effectively overall.

1.3   Audits carried out during 2023-24 reviewed the following areas. The assurance rating for each area is also given, alongside whether any recommended improvement actions were identified.

Area Reviewed	Assurance Rating	Improvement Action Identified
Governance Arrangements	Substantial	No
Financial Planning	Substantial	No
Budgetary Control	Substantial	No
Income Controls and Transactions	Substantial	Yes
Expenditure Controls & Transactions	Substantial	No
Monthly Financial Closedown	Substantial	No
Data / IT Security	Substantial	No
Business Continuity Planning	Substantial	No

1.4   Audits resulted in one recommended improvement action in relation to the following medium-risk finding:

- Although cash reconciliation sheets have provision to record the details and signatures of the 'Preparer' and 'Verifier', no such details were recorded on the documents reviewed at audit.

1.5   Management are in agreement with the findings from the programme of audits carried out this year and the recommended improvement action.

2.   Introduction, Approach to Work & Standards

2.1   This summary report has been prepared in accordance with the agreement between Ribbon Academy and JGT Internal Audit for the delivery of internal audit services. The production of an annual summary report is required by the Education & Skills Funding Agency (ESFA) as laid down in the Academy Trust Handbook and supplementary guidance.

2.2   This report provides a summary and opinion on the audit findings arising from the programme of work undertaken during 2023-24 as well as a statement on the overall level of assurance that these findings would provide on the adequacy of governance and financial/non-financial management. The report also includes comments on the outlook for 2024-25 and notes some areas that schools and academies may need to consider going forward. The report has been prepared on an exceptions basis, meaning that this highlights any areas examined where the control arrangements required strengthening.

2.3   The audit programme agreed for 2023-24 has been fully delivered and this reviewed the following areas.
- Governance Arrangements
- Financial Planning
- Budgetary Control
- Income Controls and Transactions
- Expenditure Controls & Transactions
- Monthly Financial Closedown
- Data / IT Security
- Business Continuity Planning

2.4   The objective of the audits carried out during the year was to consider the risks inherent in the operation of the above areas and to review, test and report on the effectiveness of the actual controls in place to mitigate these risks.

2.5   Audit findings giving rise to any recommended improvement actions are categorised as either high, significant, medium or low risk in terms of their likelihood and potential adverse impact on the business of the Trust/Academy. A summary of recommendations made during 2023-24 with associated management responses is provided at Appendix A.

2.6   At the conclusion of the audit fieldwork, findings are evaluated to determine the overall level of assurance that can be provided on how effectively systems and procedures operate in practice to deliver their intended outcomes, to safeguard public funds and to protect those officers involved in their administration. Assurance levels are stated as either substantial, good, moderate or limited. Further details on how the results of audits are evaluated and reported are given at Appendix B.

2.7   Any matters raised as a result of audits are only those which are identified during the course of the work undertaken and are not necessarily a comprehensive statement of all control issues that exist or all improvements that might be made. It is emphasised that management are responsible for maintaining a sound system of internal control and that the work performed by JGT Internal Audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any.

2.8   Audit procedures are however designed so that any material weaknesses in internal control have a reasonable chance of discovery. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Audit work does not provide absolute assurance that material errors, loss or fraud do not exist. Effective implementation of audit recommendations by management is important for the maintenance of a reliable internal control system.

2.9   This report is prepared solely for the use of the Board and senior management of Ribbon Academy. Details may be made available to other specified agencies such as the DfE, ESFA and the External Auditor, but otherwise this report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared and is not intended for any other purpose.

3.   **Opinion Statement**

3.1   The findings from the internal audit work carried out during 2023-24 provide substantial assurance that the governance and financial/non-financial management arrangements adopted by Ribbon Academy are in accordance with the requirements of the Academy Trust Handbook and operate effectively in practice to support achievement of objectives, to safeguard public funds and those officers involved in their administration.

3.2   The controls examined are well designed, appropriate in scope and are being applied consistently and effectively overall.

4.   **Looking Forward to 2024-25**

4.1   The [Academy Trust Handbook](#) has been updated for 2024-25 and a summary of the key changes is copied below:

Roles and Responsibilities
- Reminding Trusts of the importance of the digital and technology standards (1.16)

Main Financial Requirements
- Emphasising that trusts' reserves policies include a clear plan for managing reserves (2.8)
- Clarifying the position around when trusts must approach the ESFA for electric vehicle salary sacrifice schemes (2.13)

Internal Scrutiny/Audit
- Explaining which internal scrutiny options are to be applied for trusts with annual revenue income over £50 million (3.16)
- Clarifying qualifications and/or experience for trustees and peer reviewers (3.17)

Delegated Authorities
- Confirming that trusts will be able to enter into finance leases where the lease category appears on the DfE approved list (5.25 and 5.26)

Regulation and Intervention
- Clarifying that trusts take action to meet the DfE cyber security standards (6.14)
- Extending the list of examples where a Notice to Improve may be issued to include management of the school estate (6.16)

4.2 Academy Trusts are required to comply with the Handbook and fully apply the stated "Musts". Reviewing the level of compliance in key areas should continue to fall within the scope of the annual internal audit programme.

4.3 The Handbook requires trusts to identify on a risk-basis (with reference to their Risk Register), the areas to be reviewed each year as part of the internal audit programme. Current/emerging risks in the following areas have been noted during 2023-24 from audit results as well as the national media, that may require specific assessment:

- *Ofsted readiness*
  Always a principal focus for schools/academies and trusts, but events during 2023-24 brought the adequacy and impact of the inspection process to public attention. Ofsted published an updated Inspection Handbook in April 2024.

- *Forming / joining a Multi-Academy Trust*
  Although the new Government has yet to affirm its policy commitments towards the growth of the Academies sector, there remains an expectation that all academies should eventually operate as part of a 'high-quality trust'. Guidance has been published on what constitutes a 'high-quality' trust. Effective Due Diligence should also be carried out to inform the decision on whether an academy should join a larger trust or conversely whether a trust should allow a prospective academy to join.

- *Financial sustainability*
  Funding (or the lack of it) represents a key risk to the financial stability of a trust. Financial planning and budgetary control must be carried out promptly and effectively. The ESFA has published guidance on Operating an academy trust as a going concern

- *Staff recruitment and retention*
  There is a well-publicised 'recruitment crisis' in teaching, with schools and academies struggling on many occasions to recruit the right staff into the right roles. There are limitations on what individual schools / academies can do to alleviate this situation and the Education Committee published a Report in May 2024, calling on the Government to take further action.

- *Staff / student wellbeing*
  Trusts must support the wellbeing of staff and students by providing a safe and supportive environment in which to work and to learn. There are many statutory duties to follow in this area and guidance is available:
  Promoting and supporting mental health and wellbeing in schools and colleges

- *Fraud and Cyber-crime*
  Trusts must remain aware of the risks of fraud and cyber-crime and manage these by applying appropriate controls. The ESFA has published a [Guide to Reducing Fraud](#) setting out a risk management strategy and check-list of good anti-fraud practice. The revised Handbook also expects Trusts to meet the DfE's [Cyber Security Standards](#).

- *Buildings safety and security*
  Threats from poor quality buildings (RAAC concrete for example) and ensuring the security of school premises remain key issues, often receiving media attention. The [Good Estates Management Guide](#) published by the DfE includes advice to support the effective management of school buildings and land.

4.4   The internal audit programme is currently being reviewed and updated for 2024-25. Information which could inform the audit programme, based on previous audit results and emerging themes, will be circulated in due course for further discussion and agreement. Trust Boards and Audit Committees are reminded that they direct the programme of internal audit work and must be satisfied on an annual basis that this has adequately covered the areas identified for review.

Report prepared by:-

J.C....

John Tutin FMAAT
Internal Auditor

aat | Licensed Accountant

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Summary of Recommendations & Management Responses

APPENDIX A

	Recommendation	Risk Rating	Management Response
1.	Cash reconciliation sheets should be completed with the details and signatures of the 'Preparer' and 'Verifier', to provide assurance that procedures have been carried out appropriately and were subject to verification to ensure their accuracy.	Medium	Signatures verifying preparer and verifier will be included in all banking with immediate effect.

Audit Findings and Assurance Levels Explained

Audit findings are categorised in accordance with the definitions set out in the table below.

Risk Categorisation	Definition
High Risk	There is a fundamental control issue which if not addressed immediately will put at risk the achievement of the aims and objectives of the organisation.
Significant Risk	There is a control issue which could have a significant impact on the achievement of the aims and objectives of the organisation, or which presents a significant risk to the organisation's reputation. Prompt management action is required to remedy the situation.
Medium Risk	There is a control issue which could prevent the achievement of the aims and objectives of the area or service which is being audited, and management attention is required to remedy the situation within a reasonable period.
Low Risk	There is a minor control issue within the system and proportional remedial action is required within an appropriate timescale.

Levels of assurance that can be assigned to audit findings are explained in the table below.

Assurance Level	Definition
Substantial	The control framework provides substantial assurance that risks are being managed effectively. The systems and controls evaluated are well designed and appropriate in scope. Controls are being applied consistently and effectively. Any issues identified are minor in nature and should not prevent objectives being achieved.
Good	The control framework provides good assurance in most areas that risks are being managed effectively. Systems operate appropriately in the main with the majority of controls evaluated being well designed, appropriate in scope and applied consistently and effectively. Issues have been identified in some areas however that could impact negatively on the achievement of objectives if not addressed within an appropriate timescale.
Moderate	The control framework is not appropriate in design or scope and provides moderate assurance that risks are being managed effectively. Controls which are in place are not being applied consistently or effectively. Issues have been identified that require immediate management attention and, if unresolved, pose a significant risk to the achievement of objectives.
Limited	The control framework is inadequate and provides limited assurance that risks are being managed effectively. Absent controls or poor application of existing controls has been identified that requires immediate management attention. The issues, if unresolved, pose a fundamental risk to the achievement of objectives.