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Important information relating to your audit provision - please pass to your Business Manager

Internal & External Audit

Separate provision is a must



The Academies Financial Handbook for 2020 offers up challenges for some on Audit Provision.

We know it has been a **fraught** time for many especially as there has been so much **uncertainty** with respect to the logistics around pupils returning to school.

That of course doesn't offer too much time up for reading!

In case you don't know yet we thought we would **highlight** a significant **clarification of stance** in the Academies Financial Handbook for 2020.

This is relating to **External & Internal** Audit provision effectively entirely **separating** future provision of the two.

It says:

'Trusts should note that the Financial Reporting Council's (FRC) revised Ethical Standard states that a firm providing external audit to an entity shall not also provide internal audit services to it. ' (3.20 Pg31)

Now for those who **haven't** picked this up and have a **concern** – no need to panic. The Handbook also says:

'The Standard includes transitional arrangements which permit existing audit engagements at 15th March to conclude.'

That's ok for now. However for some there will inevitably work to be done to make **forward** engagements fall into line.

So – **good** thing or **bad**? There might be mixed feelings from those who have had a single supplier arrangement but obviously the FRC has a **clear rationale** in its judgement which with the EFSA **endorsement** means it will have to be respected.

In point of fact we **don't** think this needs to be a big deal. A new professional Internal or External Audit partner if they have the right background **should** be familiar with school needs & of course know what to look out for from a **technical** point of view.

However – this is 2020 & expectations these days go well beyond the basics. Anyway why not be a little more **aspirational**?

When you think about it everyone really wants the **same** thing – **effective** Academies delivering what they set out to do **well**.

In Audit terms this means **perceptive** internal scrutiny of policies, processes & systems to allow identification of improvements & reduction of risks.

We think **more** is possible though – good auditors should come at their work from the point of view of wanting to work **together** & being able to adopt a **pragmatic** approach.

Also the way business is done these days is getting **less formal** based on **trusted & open** relationships – it's important for suppliers to understand that & adopt it as '**business as usual.**'

Further they should be **flexible** in how they deliver – Covid-19 has opened everyone's eyes to that need!

And yes Audit providers should be exploring how **costs to schools** can be **reduced** by sharing **good practice** they see. After all – it's a priority for most academies – why would it not be for auditors attempting to offer a service?

So some Academies have some changes to make – We are working **hard** at what we deliver to **embrace** the sorts of qualities we think help our customers most.

If you have some concerns about what's required we would like to help.

Want to know more? We would be very happy to talk.

Drop a line to us via: steve_debruin@bathnes.gov.uk

You might also like to check out our website: www.onewest.co.uk

Thanks & we look forward to speaking with you.

The One West Team



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