

# ARE YOU AWARE OF THE CHANGES TO THE UK'S AUDITING AND ETHICAL STANDARDS AND HOW IT WILL AFFECT ACADEMIES?



With the release of the new Ethical Standards for Auditors effective 15 March 2020, Academy Auditors are no longer able to provide their Internal Scrutiny Services to Academy Trusts as the Standard states that a firm providing an external audit to an entity, shall not also provide internal audit services to it.

**This means that most Academy Trusts will need to review their current internal audit providers before starting their internal scrutiny programme for the academic year.**

## THE IMPORTANCE OF INTERNAL SCRUTINY

All Academy Trusts must have a programme of internal scrutiny to provide independent assurance to the Board that its financial and non-financial controls and risk management procedures are operating effectively.

The programme should consider that all categories of risk, financial and non-financial, are being adequately identified, reported and managed and controls are being continuously improved to ensure they are suitable, effective and compliant.

Failure to ensure proper control over key business processes may lead to an intervention by the ESFA or a modification of the external auditor's regulatory opinion.

This leaves Academy Trusts with the following options:

1. Employing an in-house internal auditor.
2. An Academy Trust can engage a separate audit firm such as ourselves or specialised internal audit consultants to carry out its internal scrutiny procedures.
3. An Academy Trust has the option to team up with another local Trust and carry out a 'peer review' - the process whereby a school or trust leader invites a trusted peer to look carefully at issues that they are most concerned about.
4. An Academy Trust has the option to appoint a non-employed Trustee. The person carrying out this role must have the relevant experience and/ or qualifications to be able to carry out the role effectively.

## MOORE (SOUTH)'S AUDIT APPROACH AND SERVICE

If you decide to choose option 2, you can find out about Moore (South)'s approach and service below:

Our audit approach involves detailed discussions with the Audit and Risk committee to evaluate the risk profile of the Trust, the maturity of financial and other systems and the concerns of the audit committee. We recommend the use of an audit needs assessment (ANA). This is a bespoke tailored programme of tests

broken down by business system to assess the key risks and hot topics. At Moore (South), we offer an hour free consultation to discuss how we can work with you to deliver your internal audit, providing a fully compliant service.

Choosing a qualified chartered accountant's firm like Moore (South) gives the Trust Board assurance that those carrying out the programme of work are suitably qualified and experienced. Moore (South) are also governed by a professional code of ethics and standards and the work performed is based on established audit disciplines.

Moore (South) has been providing internal audit services for many years. With this level of expertise, we are able to share best practices and benchmarking of systems and control processes that arise from our

work. As the scope of internal scrutiny has expanded significantly, Moore (South) are able to provide a complete internal scrutiny package to ensure all aspects of internal financial management and control as required by the AFH.

Through our contact and discussions with various audit and risk committees, we are able to keep you up-to-date on the latest thinking behind more bespoke programmes of tests to enable a more effective reporting of operations. We are currently working with various schools on risk management, but other topics have covered procurement arrangements, catering, lettings and the reporting function to the governing body.

## ABOUT US

Moore (South) is part of the Moore UK and Moore Global Network and we are one of the largest accounting and business advisory firms on the South coast of England with offices in Chichester, Guildford, Isle of Wight, Salisbury and Southampton. Our specialist not for profit group consists of sector experts from across the UK who support a range of not-for-profit organisations, including academies, independent schools, higher and further education colleges, organisations with exempt charitable status and other not-for-profit and charitable organisations.

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