



Invitation to tender

Internal audit services

2020-2023

April 2021

## Future Academies – Internal Audit Services

1. This invitation to tender is seeking quotes for the provision of internal audit services to Future Academies Trust for a three year period, to include audit of the 2020-21 academic year.

### Background

2. Future Academies Trust is a state funded multi academy trust, comprising 10 schools across central London and Hertfordshire. The Trust was established to improve the life chances of children through an education that is built on the importance of knowledge-rich teaching by subject experts, and of raising the aspirations of all. Our family of schools has built a reputation for achieving the highest standards for all our pupils.
3. We currently operate 3 primaries and 7 secondaries, and expect to take on further schools and develop additional provision in the near future. We are a growing Trust, and are seeking support in the following areas of internal scrutiny:
  - Evaluation of the suitability of, and level of compliance with, financial and non-financial controls;
  - Advice and insight to the Board on how to address weaknesses in financial and non-financial controls, as a catalyst for improvement; and
  - Evaluation of risk management procedures.
4. The Trust is subject to the Department for Education's Academies Financial Handbook, and we are seeking independent assurances to the Board on the effective operation of controls.
5. The Trust operates a school-centred initial teacher training centre (SCITT), rated as outstanding by Ofsted, and which provides support and placements for new teachers. We also have our own curriculum centre developing curriculum programmes and resources for our schools in line with the ethos of a knowledge rich, expert-led education. Our schools also all run an enrichment programme, designed to provide opportunities for students to widen their horizons through enriching activities, including those aimed at exposing students to successful people from various professions.
6. The Trust has a wholly owned subsidiary that handles commercial revenue. This is administered by the Trust, and these activities are to be included within the scope of the internal audit scope.
7. Internal controls assurance work has previously been provided by our external auditors, Buzzacott LLP. The changes to the Academies Financial Handbook, coupled with the rapidly changing composition and structure of the Trust, means we are now seeking an independent, outsourced internal audit service.

### Trust governance

8. Future Academies Trust is a charitable company regulated by the Secretary of State for Education. We have a master funding agreement with the Department for Education for the provision of education from early years through to post 16 across our schools.
9. The Trust is a sponsored trust with a board of non-executive directors responsible for strategic oversight. Our articles of association can be found on our website: [www.futureacademies.org](http://www.futureacademies.org)
10. The finance, audit and risk committee currently comprises two directors, and they meet at least three times per year. At present, the committee consists of Lord Nash as chair, and Mike Parish.
11. The Trust executive team includes:
  - Chief Executive and Accounting officer, Paul Smith;
  - Chief Financial Officer, David Hughes, who has day to day oversight of the system of internal controls across the Trust.

12. The Trust operates a largely centralised approach to back-office operations, with a common finance system (PSF) and financial controls. HR, IT and facilities also report centrally, with some delegated authorities in place at school level. Budgets are set centrally in collaboration with the school principals.
13. We will work with the appointed auditors to develop and deliver a three year programme of work.

### Financial controls

14. The Trust operates a single finance system, PS Financials, for all transactions, with separate “companies” for each school, but a common chart of accounts. We also use the PS on-line purchase order module. Budget setting, monitoring and compliance with financial procedures is overseen by a team of finance business managers, and there is a team of finance officers throughout the trust processing the purchase, sales and general ledgers.
15. We produce consolidated management accounts each month, which are shared and discussed with the chair of the finance, risk and audit committee. These management accounts also include a commentary, review of individual school financial performance and balance sheet.
16. The Trust receives c£48 million from government by way of annual general grant. In addition, we will receive around £1.9 million automatic School Condition Allocation capital grant this year for school condition and improvement. Pre-pandemic, the Trust was also set to generate close to £1million from commercial activities, such as lettings, and we are also in receipt of donations and other grants that mean we expect to turn over in excess of £50million pa moving forward.
17. At 31 August 2020, our revenue reserves stood at £4.7 million, and these have grown with Trinity Academy joining in December. Across the Trust, our revenue expenditure consists in the region of:
  - Staff costs 80%. We deploy curriculum-led financial planning to support efficient staffing;
  - Curriculum costs 5%;
  - Enrichment 1%, of which approximately half is funded by Future charity<sup>1</sup>;
  - Estates 9%, including utilities of almost 3%, but excluding depreciation;
  - IT 2%, excluding capital spend;
  - Administration, professional fees and other costs 3%.
18. Purchasing is a mixture of school-based and cross-trust procurement, and we have a programme for delivering value for money in key areas of catering, cleaning and facilities management over the course of the next 18 months, and are also implementing common systems, including a new HR system for September 2021. Payroll is outsourced.
19. We operate from a head office in central London (Pimlico Academy) and, pandemic restrictions aside, the Board meet here and this is where the executive team is based. However, the finance system is cloud-based, and the finance team spread across the Trust. This can mean fieldwork being conducted remotely or at another of the Trust’s locations.
20. The Trust has a good record of compliance, with few issues raised by the external auditors over recent years. Nonetheless, we recognise that we are a rapidly expanding trust, and that this carries inherent risks around financial management and control. We are therefore looking for an independent partner, who can critically analyse and advise as we develop our structures and systems to match our growth plans.

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<sup>1</sup> Future is a separate charity established in 2005 by Lord Nash to support young people. It is a sponsor of Future Academies Trust, but independent. Its activities fall outside the remit of the internal audit scope.

## External reporting

21. The objective of the programme of work is to support the Trust and our Board. However, the successful auditors will be expected to work closely with our statutory (external) auditors, Buzzacott LLP. We expect, therefore, for them to be allowed access to working papers, reports and staff. They will determine whether or not to rely on your work for their audit of our financial statements, but will take into account your findings as part of their reporting obligations.
22. As a result, the timing of annual assurance reports will need to fit with our reporting deadline for our statutory accounts. We are required to submit audited accounts to the Education and Skills Funding Agency (ESFA) by 31 December each year following the end of the financial year (31 August).
23. We therefore expect all reviews to be completed, and reports finalised, within 3 months of the end of each financial year (ie end November at the latest). The finance, audit and risk committee normally meet:
  - June, to update the plan, and agree the programme for the coming year<sup>2</sup>;
  - Early December, to sign off annual accounts, including governance statement and annual audit report;
  - Late March for interim review.
24. The Trust is also required to submit the findings from internal audit work to the ESFA, and we would expect to share your reports with them, if requested.

## Reporting and Fees

25. The bid should include a fixed fee for a three year programme of work, together with a schedule of rates for any additional work commissioned or agreed. The fee should include:
  - Annual risk assessment and audit plan for the Board
  - Annual opinion and report to the Board;
  - Delivery of individual in-year reviews, with a report to management with findings and recommendations for improvement;
  - Ad hoc advice and liaison with the executive team and chair of the finance, audit and risk committee, as appropriate; and
  - Attendance at up to three finance, audit and risk committee meetings per year.

## Timetable

26. The timetable for appointments is below. Expressions of interest, completed tenders, and any questions on this tender, should be sent to [david.hughes@futureacademies.org](mailto:david.hughes@futureacademies.org). Please mark your emails with “tender for internal audit”.

Issue of invitation to tender	9 April 2021
Expressions of interest <sup>3</sup>	16 April 2021
Requests for further information/clarification, by:	22 April 2021
Submission of bids	29 April 2021 <sup>4</sup>
Shortlisting notification	By 4 May 2021
Interview of shortlisted suppliers <sup>5</sup>	11 May 2021

<sup>2</sup> For 2020-21, we will agree a schedule of work for the current year for delivery by November 2021. The three year plan and programme for 2021-22 will be considered at the December committee, with updates at each June meeting subsequently. The meeting in June 2021 is scheduled for 15 June.

<sup>3</sup> Firms are asked to submit an expression of interest in order to receive a list of questions and answers. Bids can still be submitted by those who have not registered, but any such firms should request a list of Q&A.

<sup>4</sup> Submissions by midnight on the nominated day will be accepted

<sup>5</sup> Interview may be via Microsoft Teams, and will be scheduled for 45 minutes.

27. We will send a list of questions and answers to all parties who have submitted an expression of interest. Questions should be sent by 22 April, to allow a completed Q&A to be distributed on 23 April.

### Submission

28. Bidders should submit a bid that covers the following areas:
- Standards and approach to be adopted
  - Track record in the academy sector and with rapidly growing organisations, ideally multi-academy trusts
  - Quality assurance and review
  - Key contacts, and resourcing plan
  - Independence and conflicts of interest
  - Reporting to the Trust of findings and monitoring implementation of recommendations
  - Proposed fee and fee rates
  - Proposed service strategy and value added
29. The interview will consist of a presentation lasting no more than 15 minutes, followed by a question and answer session.
30. The Trust does not bind itself to accept the lowest bid, or any tender, and reserves the right to cancel the tendering process at any point, without incurring any liability to the affected tenderers.

### Contract terms

31. The intention is to award a three year agreement. However, in order to comply with best practice, the Finance, Audit and Risk committee will review performance and formally renew the appointment annually. The Trust therefore reserves the right to terminate the agreement at any point, without commitment or obligation for future fees. The Trust may also seek to extend the provision on a rolling basis beyond the initial term, subject to agreement of fees.
32. We recognise that the internal auditor will have no executive role, nor any responsibility for the development, implementation or operation of systems. However, there is scope for independent and objective advice on risk management, governance, value for money and related matters, subject to resource constraints. For day to day operational matters, the internal auditor will liaise with the Chief Financial Officer, but will have access to the Accounting Officer and chair of the finance, audit and risk committee.
33. Evaluation of tenders will be based on the submission and presentation, subject to the following weightings:
- Quality of tender and presentation 50%
  - Potential for supporting beneficial change in the control environment and risk management 20%
  - Fee and overall value for money 30%