

Report Status

For information/ note
For consultation & views
For decision

Report to Haringey Schools Forum – 28 February 2019

Report Title: The 2019/20 internal audit programme for schools

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Purpose:

To advise the Schools Forum of the programme of internal audit work to be undertaken in 2019/20.

Recommendations

1. That the Schools Forum note the planned programme of internal audit work for 2019/20 (Appendix A).

1. Background

- 1.1 The Council's Corporate Finance service issued the Schools Finance Manual to all schools in 2007. The Manual sets out the financial regulations and procedures that schools should follow and covers all key financial and non-financial processes. Whilst some of the content has been superseded, the principles of the financial and non-financial processes and procedures remain valid, including e.g. budgetary control, income and expenditure systems, recruitment and asset management.
- 1.2 In addition, Corporate Finance provides regular guidance and information to all schools in respect of the key financial and non-financial processes at schools.
- 1.3 Internal Audit undertakes a programme of school audit reviews to ensure that schools are complying with the requirements of the Schools Finance Manual and the risks associated with the key financial and non-financial processes are appropriately managed.
- 1.4 Internal audit are not required to audit the School Financial Value Standard (SFVS), where schools undertake a self-assessment of, or provide an opinion of schools' compliance with this standard. However, the programme of routine audit work should assist schools in providing appropriate assurance to Governing Bodies for the SFVS.

1.5 Internal Audit previously circulated the audit test programme to all schools, via the Schools Bulletin and following each annual pre-audit workshop session. This should not be seen as an exhaustive programme as Internal Audit may undertake additional work or testing if control weaknesses, or compliance issues, are identified during the audit visit. However, ensuring that key processes and controls are in place, should assist schools to prepare for an audit visit.

2. Internal Audit schools audit programme 2019/20

2.1 Internal Audit will continue with a programme of audit work for schools in 2019/20 and the planned programme of audit visits is attached at Appendix A.

2.2 The programme is based on an analysis of the risks, together with a cyclical element to ensure that all schools are visited within an agreed period (maximum every four years). Included in the list for 2019/20 are some schools which received a 'limited', or 'nil', assurance rating so their audit cycle will be less than four years.

2.3 Internal Audit will liaise with the Head Teachers to arrange a mutually convenient time for the audit visit to take place. As is current practice, formal confirmation of the date, together with the areas to be reviewed, audit approach, and documents required for the audit will be provided to the school in advance via email.

2.4 The confirmation will usually be made via email at least 4 weeks prior to the audit visit. One week prior to the agreed date, Internal Audit will re-confirm the audit visit with the school.

3. Assurance outcomes for previous years' audit programme

3.1 This report summarises the overall outcomes and assurance levels provided to individual schools from 2015/16 to 2018/19. Table 1 below summarises the outcomes for the previous four financial years of all internal audits completed.

Table 1

| | Number of audits completed/ planned | Substantial Assurance Rating | Limited Assurance Rating | Nil Assurance Rating |
|---|--|-------------------------------------|---------------------------------|-----------------------------|
| 2015/16 | | | | |
| Primary Schools (incl. nursery/special) | 12 | 8 | 4 | 0 |
| Secondary Schools | 1 | 1 | 0 | 0 |
| Sub-total | 13 | 9 | 4 | 0 |
| 2016/17 | | | | |
| Primary Schools (incl. nursery/special) | 21 | 8 | 10 | 3 |
| Secondary Schools | 3 | 2 | 1 | 0 |
| Sub-total | 24 | 10 | 11 | 3 |
| 2017/18 | | | | |
| Primary Schools (incl. nursery/special) | 18 | 8 | 8 | 2 |
| Secondary Schools | 1 | 1 | 0 | 0 |
| Sub-total | 19 | 9 | 8 | 2 |

| | | | | |
|--|-----------|-----------|-----------|----------|
| 2018/19* | | | | |
| Primary Schools (incl. nursery/special) | 13 | 7 | 3 | 0 |
| Secondary Schools | 1 | 1 | 0 | 0 |
| Sub-total | 14 | 8 | 3 | |
| Total | 70 | 36 | 26 | 5 |

* audit programme of work still in progress – at the time of writing three schools programmed for 2018/19 had yet to be visited

3.2 The 2018/19 audit programme has yet to be completed and a further update on the final position will be provided to the Schools Forum later in the year. However, the Schools Forum will note the number and proportion of schools receiving a ‘limited’ level of assurance at this stage of the year has improved on recent years. This may just be that the cycle this year has covered schools receiving more positive outcome in previous years so there is no cause for schools to be complacent at this stage

4. Reporting and escalation processes (agreed 2015/16)

4.1 The Children’s Service was concerned with the outcomes of the follow up programme following the outcome report to the Schools Forum meeting in July 2015 which advised that 28 out of 58 High Priority (Priority 1) recommendations remained outstanding at the time of the follow up visit. The Council’s Corporate Committee also requested action be taken to address the situation.

4.2 As a result, the then Interim Assistant Director – Schools and Learning presented a report to the Corporate Committee in November 2015. The report confirmed that the Children’s Service and Internal Audit would continue to support schools, but set out the steps that would be taken: firstly, to ensure that audit reports were provided as a matter of routine to each Chair of Governors; and secondly the escalation process that would be followed if schools did not provide an appropriate response to the audit recommendations. The escalation process was circulated to all schools following approval at Corporate Committee.

4.3 Since its implementation, the escalation process has not been used as agreement has been reached between schools and internal audit; however, the option to use the escalation process in the future will be retained. The Council’s Corporate Committee also requested action be taken to address the situation. We have also seen a reduction in the level of outstanding recommendation during follow up visits.

5. Training for School staff and Governors

5.1 In addition to circulating the school audit test programme, a workshop session is provided for school staff (head teachers, school business managers, finance staff etc) to further assist schools in identifying key risk areas and control processes. All schools with audits planned during the year are invited to the workshop session.

5.2 An informal workshop session has been booked in March 2019 and an invitation has been sent to all schools listed at Appendix A, together with any newly appointed Head, Deputy Head teachers and School Business Managers that Internal Audit are aware of. If any other schools, apart from those listed at Appendix A wish to participate in the pre-audit workshop session, please contact Jerry Barton, the Audit Manager, via email at jerry.barton@mazars.co.uk.

6. Recommendations

6.1 That the Schools Forum note the planned programme of audit work for 2019/20 (Appendix A) and the initial feedback on outcomes following audit work completed in 2018/19.

Internal Audit – Schools Audit Programme 2019/20

| | | Last Audit Date |
|----|---------------------------------|-----------------|
| | Primary Schools | |
| 1 | Coleridge Primary | June 15 |
| 2 | Lee Valley Primary | Oct 15 |
| 3 | Lordship Lane Primary | Oct 16 |
| 4 | Muswell Hill Primary | Dec15 |
| 5 | Seven Sisters Primary | July 16 |
| 6 | St Aidan's Primary | June 16 |
| 7 | St John Vianney Primary | Oct 16 |
| 8 | St Mary's RC Primary | Oct 15 |
| 9 | St Michaels CE Primary | May 16 |
| 10 | Weston Park Primary | Oct 17 |
| | Junior Schools | |
| 11 | St Gilda's Junior | Nov 15 |
| | Infant Schools | |
| 12 | Belmont Infants | Jun 15 |
| | Secondary Schools | |
| 13 | Gladesmore Secondary | Dec 15 |
| 14 | Highgate Wood Secondary | Nov 16 |
| | Nursery Schools | |
| 15 | Pembury | |
| | Special Schools | |
| 16 | The Vale Special | Sep 16 |
| 17 | The Brook at Broadwater Special | May 17 |
| 18 | Blanche Neville Special | Oct 16 |